



Proposal

Town of Minto

Development Charges Background Study, Current
Development Charges Amending By-law, Water and
Wastewater Rates Study & Financial Plans

SUBMITTED:

July 26, 2024

Watson & Associates Economists Ltd.
Sean-Michael Stephen
905-272-3600 ext. 250
stephen@watsonecon.ca

July 26, 2024

Town of Minto
5941 Highway 89,
Harriston, Ontario

Dear Gordon Duff:

Re: Development Charges Background Study, Current Development Charges
Amending By-law, Water and Wastewater Rates Study & Financial Plans

Based on the request of the Town of Minto (Town), Watson & Associates Economists Ltd. (Watson) is pleased to submit this proposal for the above-referenced assignment. Our extensive experience assisting various Ontario municipalities, including the Town, with development charges and water and wastewater rate studies & financial plans along with many other studies and analyses over the past 40 years makes us well suited to this assignment. Watson's experience in the development charges field will allow us to provide the Town with the knowledge and information necessary to continue to practice sound, defensible development charges policies. Further, our experience in the water and wastewater field, will provide a through analysis of the Town's water & wastewater needs, provide rates over a 10-year forecast period, and provide the financial plans required to support the Town's water licence renewal process.

We agree to be bound by the statements and representation made in the proposal and to any agreement resulting from the proposal. We have no conflict of interest that would compromise the performance of the work. Our client base is almost exclusively municipalities and school boards.

We trust this proposal attached herein provides you with the assurance you are currently seeking. We would be pleased to discuss further if you have any questions.

We look forward to the opportunity of working with you on this important assignment.

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD



Sean-Michael Stephen, MBA
Managing Partner



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1. Firm Experience

Watson & Associates Economists Ltd. (Watson) is a limited company of municipal economists, planners, and accountants which has been in operation for 42 years, since 1982. With a municipal client base of more than 250 Ontario municipalities and utility commissions, many of which are long-term repeat clients, the firm is recognized as a leader in the municipal finance/local government field. The firm has a committed thirty-person staff that has worked together for many years. The firm's directors have participated extensively as expert witnesses on municipal finance matters at the Ontario Land Tribunal (OLT).

Our work has involved many aspects of municipal finance and economics, including assisting municipalities across the Province with Development Charges (D.C.) background studies and by-laws. Our firm also specializes in water and wastewater rate studies and financial plans, stormwater rate studies, parkland dedication studies, Community Benefits Charge strategies and by-laws, fiscal impact assessments, full cost user fee pricing models, financial feasibility assessments, capital and operating impacts of municipal servicing, demographic forecasts, growth management studies, ward boundary studies, and local economic impact assessments. Further, the firm also provides expertise in education D.C.s, along with school board planning, accommodation, and capital financing studies. Additional information about Watson's company profile can be found in Appendix A. Watson has been providing D.C. consulting services for 35 years and services related to water, wastewater, and stormwater rates for 42 years. Appendix B provides details about Watson's expertise related to these studies and the firm's clients for each study.

Watson has undertaken over one-half of the consulting work completed in Ontario in the D.C. field during the past decade. Watson completed the Town of Minto's (Town) 2010, 2015, and 2019 D.C. Background Studies and by-laws along with the 2021 Water and Wastewater Rate Study, and Water Financial Plan. As such, the firm has extensive experience working with Town staff, along with a deep understanding of the Town's financial and capital needs, making Watson well-suited to undertake the Town's 2025 D.C. Background Study and by-law, Water and Wastewater Rate Study, and Water and Wastewater Financial Plans.



2. Project Team

The following staff members are available and are committed to assisting the Town with the undertaking. This project team has worked together for several undertakings for other clients over the years and has provided high quality products and services. As such, the project team is accountable and will be able to address the Town's needs related to each study component in a timely manner. We have reviewed the workload of our team for this undertaking in conjunction with the estimated timelines provided by Town staff and are confident we have the staff resources available to undertake all aspects of the study.

Municipal Finance Team:

Sean-Michael Stephen, MBA, Managing Partner, would act as Project Advisor for the D.C. background study and water & wastewater rate study. Since joining the firm in 2014, he has prepared numerous D.C. background studies, user fee studies, water and wastewater rate studies, and long-term financial plans for our municipal clients. Mr. Stephen has led D.C. more than 50 D.C. studies in Ontario and participated in numerous other undertakings. This experience has involved working closely with municipalities to ensure that the financial analysis and D.C. models are customized to meet the unique objectives of each study, and the specific circumstances of each municipality.

Mr. Stephen also has significant experience communicating study recommendations to various stakeholder groups (e.g., steering committees, senior management, Council, and external stakeholders) through his experience leading development application user fee studies, D.C. background studies, and other undertakings for our municipal clients. Mr. Stephen has assisted municipalities in responding to by-law and fee appeals and proceeding through mediation and negotiation processes.

For this undertaking, Mr. Stephen will be overseeing the project and will provide advisory services to the project team, where needed.

Nancy Neale, PLE., Manager, would act as Project Manager for all facets of the components of the studies and would be responsible for the capital needs review for both the D.C. and rate study, operating forecasting, policy review, calculations, and the compilation and preparation of reports, as well as attending all meetings. Ms. Neale



has extensive experience working in municipal finance, as she joined the firm in 2003 and has participated in over 200 D.C. assignments, including the D.C. Background Studies and by-laws for the Townships of Mulmur, Melancthon, and Centre Wellington, the Towns of Grimsby, Mono, and Milton, and also engaged in developer negotiations for Grimsby, Barrie, Milton, and Bradford West Gwillimbury. She has also undertaken water, wastewater, and stormwater rate studies and financial plans for various clients throughout the province. Ms. Neale took part in the Provincial Technical Working Group on the new C.B.C. regulations and continues to take part in the growth-related issues municipal working group organized by M.F.O.A.

For this undertaking, Ms. Neale will be responsible for deliverables for each component of the project. She will provide all final calculations and reports throughout the process and will track the progress of each component of the undertaking to ensure project timelines are met. In the case where timelines cannot be met, she will notify the Town's project lead related to the cause for the delay and work closely with the Town's lead to update the timelines. Ms. Neale will also lead all meetings with the Town staff, along with presenting to external stakeholders and Council. In the event of an appeal, she will provide expert testimony before the OLT as required.

Tina Chitsinde, MBE, Senior Consultant, will act as the technical lead on the project, including supporting Ms. Neale with Town staff meetings. Ms. Chitsinde has led and assisted in the preparation of D.C. background studies, water and wastewater rate studies and financial plans, user fees studies, and long-term financial plans for our municipal clients. Ms Chitsinde also worked on the Town's previous studies, providing for local history, and understanding of the Town's growth pressures and system needs.

For this undertaking, Ms. Chitsinde will be assisting in the review of background data, forecasting, and rate calculations (D.C. and water & wastewater rates), report preparation and report compilation. Ms. Chitsinde will participate in some staff meetings with Town staff.

Balpreet Passi, MA, H.BCom, Analyst will provide technical assistance in the collection and compilation of data, modeling, and report documentation for the D.C. study and water & wastewater rates study and financial plans. Since joining Watson in 2022, Ms. Passi primarily works in the areas of D.C.s, Development Application Approvals Process Fees (D.A.A.P.), financial and strategic analysis, financial and economic impact of development, feasibility/business case studies, and water and



sewer rate studies. Ms. Passi holds an Honours Bachelor of Commerce and a Bachelor of Arts in Economics from McMaster University, as well as a Master of Arts in Economics from York University.

For this undertaking, Ms. Passi will be working closely with Ms. Neale and Ms. Chitsinde to review background information provided by the Town, beginning initial modelling and calculations, and finalizing the analysis for the D.C., water and wastewater rate studies and financial plans. Ms. Passi may participate in staff meetings with Town staff where required for the various components of the undertaking. She will also be responsible for gathering preliminary data from Town staff via email (or other preferred method) which will be discussed during the initial kickoff meeting.

Demographics Team:

Vlad Petrov, BA, MA, Analyst, will be responsible for overseeing the development of the growth forecast. He joined the firm in 2017 and primarily works in the areas of demographics and land needs forecasting. Mr. Petrov has assisted with data input and analysis in the areas of growth forecasting for D.C. background studies and land needs studies. His previous experience includes working as an Assistant Business Analyst for Cancer Care Ontario, an Economic Analyst for the Burlington Economic Development Corporation, a Business Consultant for FreshInsights Consulting and later as an Economic Development Intern for Halton Region. He brings a strong economic background in utilizing analytical and data modelling techniques to prepare research, and experience from both municipal and regional levels of government.

Mr. Petrov will oversee the development of the growth forecast and provide insight where needed. He will also be finalizing the growth forecast for the D.C. background study. He will be responsible for gathering data from Town staff and communicating with them to clarify questions related to the growth forecast.

Gisele Sarbandi, BA, MCP, Analyst will be responsible for assisting with the growth forecast. She joined the firm in 2021 with a background in urban studies and geography. She received a Master of City Planning degree from the University of Manitoba. During her master's studies, Mrs. Sarbandi was also employed as a planning student at the Winnipeg Metropolitan Region (WMR) where she did background research related to municipal development plans, planning initiatives, and regional policies.



Ms. Sarbandi will complete the technical analysis behind the growth forecast and consult with Mr. Petrov prior to finalizing the growth work for the undertaking.

Curriculum Vitae for the proposed project team is provided in Appendix D.



3. Proposed Approach and Workplan

The following sections provide an in-depth review of the proposed approach and workplan for each phase of the undertaking, including the methodologies followed for amending the current D.C. by-law to remove the expiry date, undertaking the 2025 D.C. Background Study and by-law, and Water and Wastewater Rate Studies & Financial Plans. Watson understands the importance of thorough communication with their clients which is integral to providing Town staff with effective project management during the process of the studies. The following sections provide further detail related to legislation and the detailed work plan for each component of the undertaking. The budget and timelines for each component are outlined in section 4 of this proposal.

3.1 Amendment to the Town's Current Development Charges By-law (Phase 1)

To align the timing of the process for the full 2025 D.C. Background Study with the ongoing master plans/servicing plans that are currently underway, it is recommended that the Town amends the expiry date with the current D.C. by-law. As per the amendments to the *Development Charges Act, 1997*, (D.C.A.) made through Bill 185, the current by-law can be amended to remove or extend the expiry date through streamlined minor amendment process.

Watson will prepare an amending by-law to the current D.C by-law, 2020-11, as amended, to remove the expiry date and prepare a letter report to support the amendment. In addition, Watson will review and provide comments on the Town's staff report to Council related to the amendment and the required notice of amending by-law passage.

3.2 2025 Development Charges Background Study and By-law (Phase 2)

3.2.1 *Relevant Legislation, and Proposed Approach and Methodology*

As part of every D.C. background study Watson undertakes, the most recent amendments to the D.C.A. are adhered to as part of the approach and methodology.



Since the Town's D.C. update in 2021, there have been a number of additional legislative changes to the D.C.A., these include additional statutory exemptions, statutory discounts, changes to the timing of determining and collecting the charges, additional requirements for the annual treasurer's D.C. reserve fund statement, and removal of some services as eligible for inclusion in the D.C. The 2025 D.C. background study will meet the requirements of the D.C.A., as amended. Our approach and methodology to meet the requirements of the D.C.A. as amended, is provided in the following section

3.2.1.1 D.C.A. Required Methodology

The D.C.A., as amended, provides a specified number of steps, which must be undertaken in the calculation of a D.C. Figure 3-1 illustrates diagrammatically our firm's understanding of the methodology required. This process is similar to that followed in previous D.C. studies for all our clients and has been successfully defended before the OLT. The approach has been modified to reflect recent amendments to the D.C.A. noted above. A brief discussion is provided below:

Step 1 involves estimating the anticipated amount, type, and location of development for which D.C.s can be imposed. This estimate is needed for the term of the by-law and the planning period determined for the increase in need for service. Annual estimates do not appear to be mandatory.

Step 2 involves inclusion of the eligible services as amended by the *COVID-19 Economic Recovery Act* and *More Homes Built Faster Act*. Ineligible services are excluded from the calculation, as any expenditure in this area must be funded from a non-D.C. source (i.e., tax base, user rates, etc.)

Step 3 requires that "the increase in the need for service attributable to the anticipated development...be estimated for each service" that is involved. This estimate does not appear to require project-specific consideration at this stage as it refers to "need" and not to "project solutions" or the means by which such needs are to be met. It may therefore be appropriate to address it in terms of "service units." These are the same factors that can be used to measure past and future levels of service in a subsequent step.

Step 4a is to ensure that, for non-transit services the increase in need included in Step 3 does "not include an increase that would result in the level of service (for the



anticipated development increment) exceeding the average level of that service provided in the municipality over the 15-year period immediately preceding the preparation of the background study. O. Reg. 82/98 (s. 4) goes on to indicate that “both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service.”

Step 4b for those municipalities that provide transit services, this step is to ensure that, for transit services (i.e. prescribed services), the increase in need included in Step 3 is based on the method and criteria used to estimate the planned level of service for a prescribed service which shall not exceed the forward-looking service standard (i.e. planned level of service) over the 10-year period immediately following the preparation of the background study (as per O. Reg. 82/98, as amended) and includes:

- Identification of the anticipated excess capacity that would exist at the end of the 10-year period immediately following the preparation of the background study;
- Assessment of ridership forecasts for all modes of transit services proposed to be funded by the D.C. over the 10-year period immediately following the preparation of the background study, categorized by development types, and whether the forecast ridership will be from existing or planned development; and
- Assessment of the ridership capacity for all modes of transit services proposed to be funded by the D.C. over the 10-year period immediately following the preparation of the background study.

Step 5 requires that for an increase in need to be included in Step 3, Council must indicate that it intends to ensure such an increase in need will be met, presumably in accordance with the timing periods established in Step 1. Once again, this would appear to be a broad, need-related approval and not necessarily a long-range capital budget approval.

Step 6 calls for an examination of the long-term capital and operating costs for capital infrastructure to be included in the D.C. background study and considered by Council before passing a D.C. by-law. Ideally, this information would be available to Council when it takes Step 5, but this does not appear to be a requirement and is dependent on the timing of the steps in the process. Steps 3 and 5 are early steps and Step 6 could occur later. Further, under the amended legislation, an asset management plan is required to deal with all assets whose capital costs are proposed to be funded under the



D.C. by-law and demonstrate that all the assets mentioned in the asset management plan are financially sustainable over their full lifecycle.

Step 7a requires an A.M.P. for non-transit services which would include all assets whose capital costs are proposed to be funded under the D.C. by-law. It must demonstrate those assets are financially sustainable over their full life cycle. The A.M.P. must also contain any other information as prescribed in the regulations.

Step 7b requires an A.M.P. for transit services that shall include the following, consistent with the requirement of the *Jobs for Infrastructure and Prosperity Act*:

- A section that sets out the state of local infrastructure;
- A section that sets out the proposed level of service;
- An asset management strategy; and
- A financial strategy.

Step 8 involves removing from the D.C. calculation those kinds of local services for which the municipality can impose directly or indirectly a charge related to a development or a requirement to construct a service related to a development, by way of a condition or agreement under section 51 or section 53 of the *Planning Act*. It also involves ensuring that appropriate policies are established such that those services are, in fact, addressed subsequently in that fashion and are neither double counted nor omitted. Under section 59.1 of the amended D.C.A., no additional levies may be charged with regard to new developments except as permitted under the D.C.A., as amended.

Step 9 involves detailing the resultant increase in need for service and estimating the capital costs. The capital costs are defined under the D.C.A., most recently excluding studies from eligibility. The calculation of the net capital costs which can be recovered via D.C.s (Step 13) involves making three separate and additional deductions from the gross capital costs, as detailed in Steps 10, 11, and 12.

Step 10 represents a deduction from the increase in the need for service attributable to the anticipated development that can be met using the municipality's excess capacity, other than excess capacity which is "committed," i.e., where Council has indicated a clear intention that it would be paid for by D.C.s or other similar charges, before or at the time it was created.



Step 11 involves a further reduction to the need, by the extent to which such an increase in service would benefit existing development. The level of service restriction in Step 4 is related, but not the same as this test. This is a potentially difficult adjustment to make, in that it could be argued that almost any new facility would have some impact on, and provide some benefit to, existing development (possibly other than some sanitary, storm, and water works, neighbourhood parks and other works which are highly localized to growth areas).

Step 12 involves reducing the capital costs necessary to provide the increased services (which is the first mention of such costs) by capital grants, subsidies and other contributions made or anticipated by Council and in accordance with various rules as to attribution between the share related to new versus existing development.

Step 13 involves tabulating the total capital costs considered above by service in terms of those that would benefit new development versus those that would benefit existing development, and in each case, for those that will be incurred during the term of the proposed by-law versus those that will not. The estimated and actual value of credits being carried forward is to be noted as well.

Step 14 involves increasing the costs set out in Step 13 where debenture debt is required, and a cash flow analysis reveals a net financing cost requirement.

Step 15 involves determining whether all the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Under the D.C.A., it is now mandatory to “consider” area rating of services (providing charges for specific areas and services); however, it is not mandatory to implement area rating.

Step 16 involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.

The background study must also set out the rules for imposing the charges. The rules must establish the types of development for which the charges would be imposed and ensure that the costs for a type of development are not funded by another type of development. Moreover, if a development is to be exempt from the charge, or the

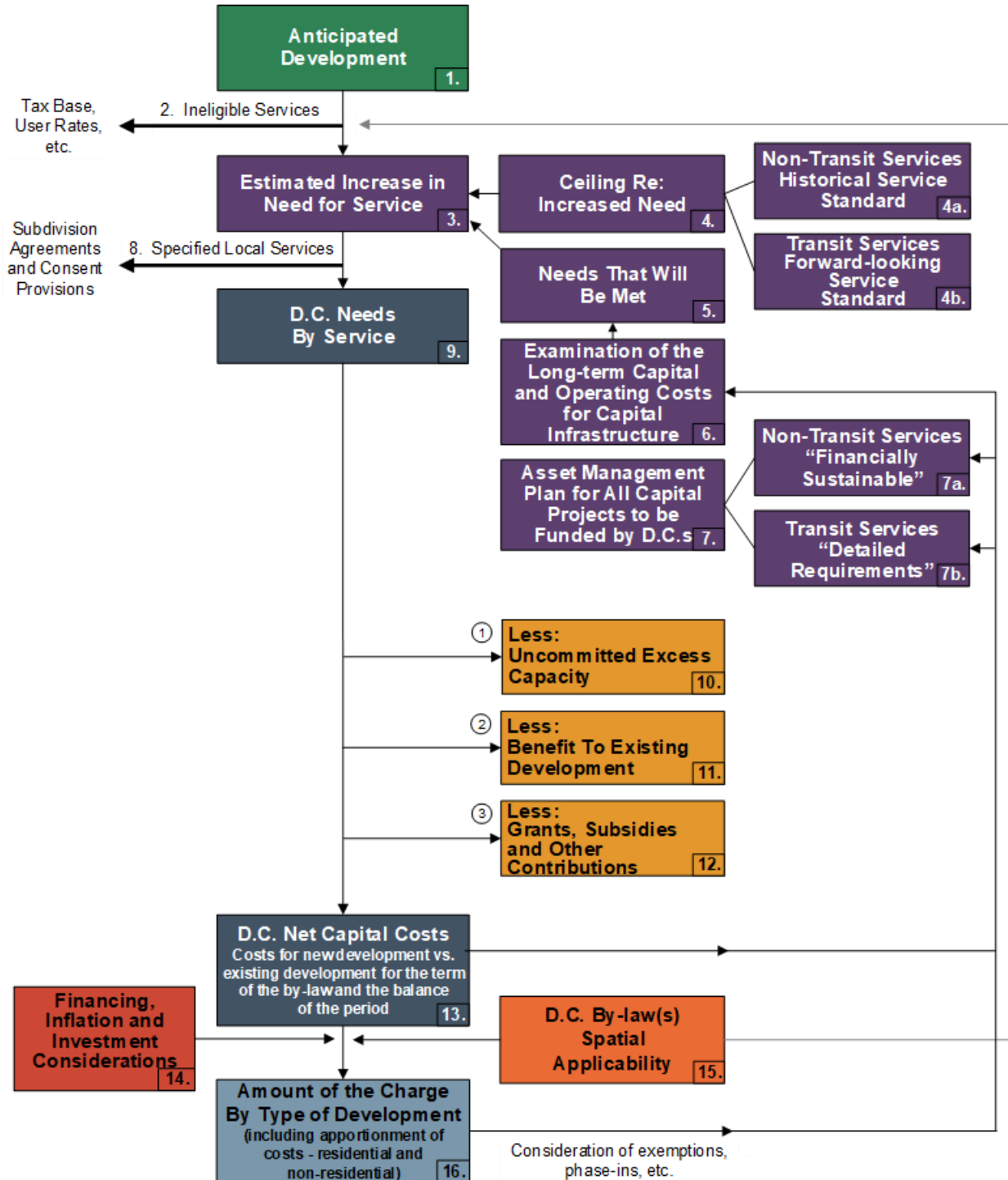


charge is to be phased-in over a period of time, these shortfalls in funding must not be funded by other developments.



Figure 3-1

The Process of Calculating a Development Charge under the Act that must be followed





3.2.2 Proposed Workplan

The proposed workplan below outlines the necessary steps and tasks that need to be undertaken to ensure successful completion of the D.C. Background Study and by-law. It should be noted that Watson will be able to defend the D.C. Background Study and by-law on behalf of the Town before the OLT, if required.

1. Study Initiation Meeting

- Hold a meeting with Town staff to present an overview of the D.C., legislative changes, methodology, project work plan, information requirements, as well as to confirm Town staff contacts, and level of participation of Town staff;
- Refine work program, discuss the finalized project work plan, and obtain Town's final approval;
- Identify policies and other special issues/challenges to be addressed during the study process;
- Discuss the services/class of services to be considered in the D.C. including fire protection, services related to a highway (including public works facilities and equipment), parks and recreation, growth-related studies, water, and wastewater services. Other eligible services will be discussed and confirmed for review, where growth-related needs are identified (e.g., waste diversion, emergency preparedness, *Provincial Offences Act* including by-law enforcement, etc.);
- Discuss options for growth forecast period for each eligible service based on availability of documents to provide capital needs (i.e., growth forecast periods to be confirmed, 10 years, 20 years, Master Plan targets, Official Plan targets, etc.); and
- Provide "D.C. Checklist" package to staff members which overviews the D.C. process and includes samples of a public meeting notice, a notice of by-law passage, and D.C. pamphlet.
- *One (1) virtual meeting is anticipated with Town staff (note is anticipated to undertake this meeting in the morning and then later in the day hold the initiation meeting on the water/wastewater rate study & financial plans, or vice versa).*

2. Data Collection and Review of Background Materials

- Watson will provide a preliminary information request from the Town of background documentation required to undertake the study;



- The Town will be required to provide all relevant background documents including, but not limited to current long-term population and employment forecasts of the Town and/or Wellington County, past five years building permit data, asset management reports, official plan, road needs, master plans, growth-related debt obligations, D.C. reserve fund statements, capital forecast, etc. Watson will review all background data provided for inclusion in the D.C. calculations;
- Watson will require Town staff to provide specific information related to the area-specific D.C. benefiting lands and associated net developable land areas;
- Watson will gather information from the Town regarding historical (15 years) asset inventories (where applicable), growth-related capital budget projections and future service increase needs identified in reports, plans or other expressions of Council;
- Watson will review D.C. reserve fund statements for past five (5) years including reserve fund balances to determine/distinguish committed from uncommitted funds, completed capital and/or work-in-progress that will inform inclusions in the D.C. calculations;
- Watson will review long-term debt and identify unfunded balances for inclusions in the D.C. calculations;
- Watson will determine value of outstanding prepayment agreements and D.C. credits for inclusion in the D.C. calculations, where applicable;
- Watson will review committed excess capacity and prior D.C. Background Study post-period benefit attributions for inclusion in the D.C. calculations; and
- Watson will review the D.C. rate structures currently in effect and confirm with staff if a change is required.

3. Growth Projection Development

- Review the Town's historical and current population and employment growth available from the Town and any other sources required to make recommendations for an achievable forecast;
- Forecast growth by type (residential and non-residential) for minimum of 10-year, and/or Official Plan horizons and location of growth (forecast period to be confirmed based on steps 1 & 2 above);
- The growth projections will include a summary of the area-specific benefiting areas and their associated net developable land areas;



- Watson will assessing occupancy, vacancy, and other factors, and recommend unit and non-residential floor space forecasts appropriate for the D.C. timeframe;
- Validate and finalize growth projections with the Town's Planning staff.
- *One (1) 2-hour virtual meeting is anticipated with the Town's Planning Staff.*

4. Service Standard Calculations, D.C. Calculations, Local Service Policy and Rules

- Watson will review with Town staff and refine, if necessary, the current Local Service Policy;
- Watson will calculate the maximum value allowed for residential and non-residential development types considering the historic service standard ceiling, for applicable services, based on the Town's 15-year average level of service as prescribed by the D.C.A.;
- Watson will identify the anticipated increase in need for services and the share of the capital costs required due to development and redevelopment for eligible services;
- Watson will estimate the costs to meet the increase in the need for service attributable to development, the required capital including new infrastructure, upgrading, expanding, and/or oversizing of existing infrastructure, consistent with not exceeding 15-year historic service standard ceiling;
- Watson will calculate the D.C.s based on the increased need for services, adjusted by:
 - A reduction for any existing uncommitted excess capacity created for which Council did not indicate growth funding would be used (at the time the capacity was created);
 - A reduction for the extent to which existing development would benefit from the increase in service (benefit to existing deduction);
 - A reduction for the anticipated capital grants, subsidies, or other contributions in respect of the capital costs;
 - The year-end D.C. reserve balances to be reviewed and incorporated into the calculations;
 - The inclusion of unfunded balances and/or borrowings against growth-related capital; and
 - The inclusion of any outstanding D.C. credits;
- Watson will develop draft D.C. rules for exemptions, indexing, charges for redevelopment, etc. (both statutory and non-statutory);



- Watson will review and provide recommendations regarding the Town's policies related to cost recovery, strategies on exemptions, discounting, credits, and statutory and non-statutory transition (e.g., phase-ins); and
- Watson will provide a municipal comparison of D.C.s in municipalities of similar size and/or location to the Town;
- *Three (3) virtual meetings are anticipated with Town staff to confirm service standards; and*
- *Three (3) meetings are anticipated to discuss capital needs.*

5. Policy Recommendations and Draft Findings

- Watson will assist Town staff with recommendations on policies related to, but not limited to, the following:
 - The use of debt within the D.C. reserve fund and recommendations on best practices for acceptable levels of debt for the Town to be repaid through future D.C.s.;
 - The legislative changes required to the D.C. by-law including updating definitions, incorporating new mandatory exemptions, discounts, and phase-ins, as well as refinements related to the timing of determining and collecting D.C.s and interest rate policies; and
 - Additional discretionary policies such as exemptions, discounts, phase-ins, redevelopment/conversion credits, etc.
- *One (1) virtual meeting is anticipated with Town staff to discuss policy matters and present draft findings.*

6. Examination of Long-Term Capital/Operating Cost and Asset Management Plan

- Watson will examine the long-term capital and operating costs for related to the growth-related capital infrastructure included in the D.C. calculations; and
- Watson will examine the asset management impacts, as per the D.C.A., to address all assets proposed to be funded under the D.C. by-law and demonstrate that all the assets mentioned in the asset management plans are financially sustainable over their full life cycle.

7. Preparation of Draft D.C. Background Study and Draft By-law

- Based on policy discussions, including the draft D.C. background study and draft by-law, the categories of services and classes of service (for reserve fund and



credit purposes), by-law commencement date, expiry date, collection timing, indexation, non-statutory discounts/exemptions, etc.;

- Watson will prepare draft D.C. background study and by-law and provide draft report to Town staff for review and comment.

8. Preparation of the Final D.C. Background Study and Draft By-law

- Watson will incorporate Town D.C. study team and stakeholder feedback, where necessary, and finalize D.C. calculations; and
- Watson will finalize D.C. Background Study and draft by-law to release to the public as per the requirements of the D.C.A. (at least 60 days prior to Council's consideration of the by-law).

9. Public Meeting

- Ensure 20 days clear notice is given before holding the D.C. public meeting and that the D.C. background study is available on the Town's website a minimum of two (2) clear weeks prior to the public meeting;
- Watson will assist the Town in preparing and drafting notice of the public meeting and by-law passage, as required;
- Watson will prepare and provide a presentation of the D.C. background study and draft by-law at a public meeting of Council or Committee of Council;
- Watson will receive and consider comments provided at the statutory public meeting, discuss with Town D.C. study team, and where necessary, revise the draft by-law and recommendations to Council.
- *One (1) in-person meeting is anticipated with Town Council.*

10. By-law Passage

- Watson will provide staff with a revised draft by-law (if required) for Council's consideration; and
- Provide staff with the requirements for notice of by-law passage, and next steps for implementation.
- *It is assumed that Watson staff are not required to attend a Council meeting for by-law passage, however, this can be accommodated, if required, with additional budget approval.*

11. Optional Council Workshop

- A budget for Watson to provide an education workshop with Council has been provided in our budget, in the event the Town wishes this meeting. As part of a



council workshop, Watson typically provides information related to changes in the legislation that have taken place since the last D.C. study was passed, provides Council with the draft growth forecast, maximum historical service standard ceiling for each service, a high-level summary of the capital costs and the draft calculated rates. Often policy discussions related to discretionary policies that Council would like to have included in the draft by-law area also discussed and confirmed.

- One (1) half day in person meeting is anticipated with Town Council and staff.

3.3 Water and Wastewater Rates Study (Phase 3)

3.3.1 Relevant Legislation, and Proposed Approach and Methodology

Legislative Context

The key legislation that would have most impacted municipal water and wastewater rates was the *Sustainable Water and Sewage Systems Act (S.W.S.S.A.)* which would have required municipalities to implement full cost pricing. The legislation was enacted in 2002, however, it had not been implemented pending the approval of its regulations. The Act was repealed as of January 1, 2013. It is expected that the provisions of the *Water Opportunities Act* will implement the fundamental requirements of S.W.S.S.A. Furthermore, on December 27, 2017, O. Reg. 588/17 was released under the *Infrastructure for Jobs and Prosperity Act, 2015 (I.J.P.A.)*, which outlines the requirements for asset management for municipalities. The results of the asset management review under this Act will need to be considered in relation to specific levels of service for water and wastewater infrastructure. Appendix C provides further detail on the legislative requirements related to the water and wastewater rate study.

3.3.2 Proposed Workplan

The proposed workplan outlines the necessary steps and tasks that need to be undertaken to ensure successful completion of the Water and Wastewater Rate Study. It should be noted that the commencement of this project has been aligned to occur after the calculations in the updated D.C. background study have been completed (as per the project schedule for that undertaking) to integrate the growth forecast assumptions and growth-related capital needs for the water and wastewater services for



the rate study. This information will be useful in Task 4 specifically of the following workplan.

Watson recognize the Town's current rate structure includes a flat rate for unmetered customers, and for metered customers, a base monthly charge that varies by meter size and decreasing volumetric block rates. In addition, a charge is imposed on a per unit basis for properties with multiple units on a shared meter.

1. Study Initiation Meeting

- Watson will meet with Town staff to initiate the project, verify needs, discuss rate structure best practices, schedules, deliverables and confirm all information required for the project purpose and the timelines required to meet the needs of the Town;
- *One (1) virtual meeting with Town staff is anticipated. This meeting is joint with the water and wastewater financial plans. It will be held on the same day as the D.C. Background Study initiation meeting in the afternoon (as noted above in phase 2).*

2. Data Collection

- Watson will request the following information from the Town staff:
 - 3-5 years historical records on treated and billable water volumes and sewage flows (e.g., where available) by type (e.g., residential, non-residential, bulk water users) and meter size, and corresponding customer data by type and meter size;
 - 3-5 years historical records on flat rate customers and reason(s) for not being metered;
 - The most current capital and operating budget/forecast information for the water and wastewater systems;
 - The most current information on water and wastewater reserves/reserve funds;
 - The most current water and wastewater asset inventory including details on asset I.D., location, material type, replacement costs, estimated useful life, etc.; and
 - Collect historical data related to water and wastewater sales and volumes, if applicable, in order to analyze revenue trends in relation to operation and maintenance expenses of the systems.
- Watson will confirm current water and wastewater rates and fees;



- Watson will undertake a review information related to needed replacements, improvements and expansions of the water and wastewater systems;
- Watson will confirm any other information required to undertake the study including, but not limited to, additional data available to undertake a review of miscellaneous water and wastewater rates and fees; and
- Throughout the study process, Watson will monitor any potential changes in legislation in order to ensure the rate study is compliant with relevant laws and regulations, along with revision of the Town's current policies.

3. Assessment of Volumes/Flows and Customers by Type and Meter Size

- Watson will review, for water and wastewater, the historical records on treated and billable water consumption and sewage flows (where available). The historical volumes/flows records will be classified by the volumes within each block for the decreasing volume rate structure and corresponding number of customers within each block, to assess usage patterns;
- Watson will also review the number of customers based on meter size and those with multiple units on a shared meter in addition to customers that are unmetered;
- Watson will hold a meeting with Town staff to discuss the current levels of service based on recent historical water consumption and sewage flows, as well as the expected levels of service based on growth forecast assumptions and other relevant variables for new customers (including newly developed properties and existing properties converted from private system to the Town's systems). This discussion will help identify the unique needs and growth patterns of the Town and guide the development of the water consumption and sewage flow forecast;
- Develop a volume forecast, based on the average volume/flow patterns by block and customers for the above, using the Town's residential and non-residential forecasts resulting from the growth assumptions in the 2025 D.C. background study and
- Utilize this forecast to assist in the review of capital needs, possible changes in operating expenditures and provide a basis for future forecast rates by customer class.
- *One (1) virtual meeting anticipated with Town staff.*



4. Capital Needs and Financing

- Review with Town staff and update the capital needs based upon the following:
 - Embrace the growth-related capital infrastructure identified through the D.C. background study, along with the associated revenues anticipated to fund the growth portion of the infrastructure based on the anticipated take-up of growth over the forecast period.
 - Review information required for project purposes and aggregate all existing and future growth capital and renewal/replacement/maintenance/operation items;
 - Summarize into capital and operating components for existing system replacement needs and long-term replacement needs on a lifecycle cost basis;
 - Develop 10-year plans for water and wastewater services and review with Town staff before proceeding with rate and rate structure determination tasks. Ensure the 10-year plans meet the revenue requirements for each utility over the entire forecast period;
 - Consider alternatives to debt and/or transfers from operating budgets. Evaluation would include other statutory authorities such as D.C.s, Part XII charges under the *Municipal Act*, development agreements under the *Planning Act*, local improvements, regulations, etc.; and
 - Review with Town staff prior to proceeding with rate determination. This discussion will address potential short- to medium-term impacts of utilizing alternative capital financing methods as a means of controlling rate levels.
- *One (1) virtual meeting anticipated with Town staff.*

5. Operating Costs and Lifecycle Planning

- Watson will review all available operating related information required for project purposes;
- Watson will identify all operating costs and related annual cost components such as maintenance costs, testing, water purchases, engineering/administration, billing/collecting;
- Watson will summarize into capital and operating components for existing system replacement/optimization needs and long-term replacement needs on a lifecycle cost basis (existing and/or currently being prepared). Town asset inventory and the current asset management plan information will be used for this purpose; and



- An assessment of potential cost implications from the future forecasts identified, and consider possible phase-in of rate increases will be undertaken.

6. Revenue Requirement Projections

- Watson will review the revenue requirements, based on the capital needs and operating costs identified for the forecast period in the previous tasks, to ensure the Town is capable of meeting its financial requirements are met will be reviewed;
- An estimation of revenues under the current rate levels, based on the forecast number of customers developed from the approved growth document will be undertaken. This analysis will consider historical growth trends and the historical service levels provided;
- Watson will undertake a review of revenue generation forecasted through miscellaneous fees over the 10-year period;
- Watson will ensure that sustainable levels of revenue are available to provide sufficient resources for future rehabilitation and replacement of aging infrastructure; and
- The development of annual revenue requirements for the water and wastewater systems will be done by Watson. This will involve reviewing historical data, capital and operating budget information, future requirements, etc. The projections shall take into account inflation, operating and maintenance expenses, capital expenditures, cash obligations, debt servicing, etc.

7. Rate Structure Review and Rate Calculations

- Watson will review and assess the current rate structure in place within the Town for both water and wastewater services to base the future rates calculations on;
- Watson will undertake rate calculations, based upon the volume/usage and customer forecasts calculated in previous tasks, along with capital and operating budget forecasts and revenue requirements, and based on the current rate structure;
- Recommendations for future rates that will allow for recovery of actual costs associated with services provided will be submitted by Watson to Town staff;
- Watson will analyze rates to meet annual revenue requirements as well as cash flow obligations;
- The appropriate water and wastewater reserves, including reserves for capital needs, growth needs, infrastructure replacement, rate stabilization, and other



appropriate purposes will be considered. The optimal balance and usage of these reserves will be discussed with staff;

- Watson will conduct a market survey of the impact of rates and annual rate increases with an analysis on both residential and non-residential customers. The impact of the rates will be reviewed in light of varying usage and consumption patterns;
- An analysis of rates for their impact and ability to grow the water and wastewater reserves will be undertaken; and
- Watson will ensure that the recommended rate structure is easy to understand and administer, based on the Town's existing billing system capabilities.

8. Review Calculations and Preliminary Rates with Staff

- Watson will conduct a meeting to review the preliminary findings of the rate analysis and discuss options for rate increases over the forecast period.
- A presentation will be provided by Watson to review calculations, recommended policies and preliminary rates with staff prior to presentation to Council and preparation of the rate study report; and
- Watson will prepare a survey of water and wastewater rates of comparable sized municipalities and based on an average water and wastewater bill for an average residential customer, and a small and large non-residential customer based on meter sizes and average volumes confirm by Town staff.
- *One (1) meeting anticipated with Town staff.*

9. Report Preparation

- Watson will provide a water and wastewater rate study report based on the analysis and the review of calculations with Town staff. The report will summarize the calculations and model results and will include discussion of the impact on customers buying into the systems as well as the effect on new users;
- An analysis in the report that considers the appropriate reserves for the Town's needs will be provided;
- Watson will meet with Town staff to discuss the draft report for the rate study. Comments and feedback received at this meeting will be incorporated into the final report. A draft presentation will be provided at the meeting for discussion;
- Watson will prepare the final report to Town staff, which will meet the standard and accessibility requirements of the Town; and



- The draft and final reports will be written in a clear and organized manner, including a table of contents and appendices (if needed). It will include the following:
 - Executive summary;
 - Findings of the rate study related to rates and projected development;
 - The financial impacts on the Town from new development and infrastructure along with how to mitigate those impacts;
 - Calculation methodology and recommendations; and
 - A draft by-law.

10. Council Meeting and Presentation

- Watson will prepare and provide the presentation material to Town staff in advance of the Council Meeting for their review and approval;
- A presentation will be prepared by Watson to present the final rate calculations, rate study, and draft rate by-law at a meeting of Council. The presentation will include the most recent information on the legislation surrounding the water and wastewater industry, final rate calculations and a comparison to rates of comparable/neighbouring municipalities.
- *One (1) meeting is anticipated with Town Council.*

3.4 Water and Wastewater Financial Plan (Phase 4)

Further to the rate study, the Town's request includes undertaking a water and wastewater financial plan to meet the requirements for submission of the municipal drinking water license, as per O. Reg. 453/07. The following provides a summary of the work plan required to undertake and provide the Town with a water and wastewater financial plan:

- As part of the compliance reporting for Ontario Regulation 453/07, municipalities are required to prepare "financial plans" along with details of the proposed financial position and operations for water services for a minimum of six years.
- The financial plan must be submitted with the Town's renewal application for its water licence and must start in the year the water licence is to be renewed. Watson proposes to undertake this work after the completion of the rate study, to ensure the financial plan reflects the most recent information available.



- Watson's water and wastewater rate study for the Town would form the basis of the financial plan. The rate study is prepared on a "modified" cash accounting basis and provides detailed forecasts of the capital, operating, reserve fund positions, capital asset inventories, future volume volumes and rate calculations. In order to prepare the financial plan as prescribed by the Regulation, the information contained in the study will need to be converted to a full accrual basis as per the following process:

- Step 1 - Calculate Tangible Capital Asset Balance (utilizing the Township 's current PSAB 3150 information)
- Step 2 - Convert Forecast Operating Statement to Full Accrual Statement of Operations
- Step 3 - Enter Balances for Remaining Items on Statement of Financial Position
- Step 4 - Use Operating Statement and Statement of Financial Position to Complete Statement of Net Debt and Cash Flow
- Step 5 - Verification and Note Preparation

There will be virtual project initiation meeting which will be joint with the water and wastewater rate studies, along with a virtual meeting during the preparation of the report. The financial plans will also be presented jointly with the rate study at an in-person Council meeting with Town Council and Staff.



4. Budget and Timeline

For this undertaking, the anticipated budget and timelines for each component are outlined below in Table 4-1 and Figure 4-1. We have categorized the different components into phases 1 through 4 and budgeted accordingly for each phase.

Figure 4-1 provides a timeline in the form of a GANTT chart, outlining the timeline for each task and indicating key milestones throughout the process. It should be noted that the timelines have been prepared in accordance with relevant legislation and the Town's needs.

Table 4-1 provides the anticipated budget for each phase of the undertaking by task. It includes the level of effort for each task along with meetings with Town staff and Council. Related to the D.C. study, we have included the cost of an optional Council Workshop with Town Council. Further, the project initiation meetings have been costed to be held virtually, with one meeting for the D.C. Background Study and one joint meeting for the water and wastewater rate study and finance plan. Both project initiation meetings are anticipated to take place on the same day, but will be split between the morning and afternoon. Finally, all other meetings have been costed to take place virtually except for the provisional Council Workshop and Public Meetings, which have been costed to take place in person. In total, the cost of each phase is as follows (excluding disbursements):

- Phase 1 – Amend Existing D.C. By-law: \$955
- Phase 2 – 2025 D.C. Background Study: \$33,835
- Phase 3 – Water and Wastewater Rate Study: \$25,433
- Phase 4 – Water and Wastewater Financial Plans: \$8,540

The total cost of all phases of the undertaking, including disbursements is \$70,700 (excluding the optional Item for the D.C. Council Workshop).

Additional meetings and presentations may be arranged as requested with approval of additional budget based on Watson's hourly rates for staff required. As noted, if in-person meetings are preferred, additional disbursement costs related to travel will be invoiced at cost. Note that the budget does not include applicable taxes.



The budget does not cover time should an appeal occur related to the by-law, or liability for the results thereof. In the event of a by-law appeal to the OLT, Watson is prepared to support the Town and appear as an expert witness under separate contract. Nancy Neale would be available to represent Watson in the case of an appeal of the Town's by-law. Similarly, advertising, and legal costs as required under the D.C.A., have not been incorporated herein.

Our billings are submitted on a monthly basis for time worked on the project during the previous month. Billings are on a net 30-day basis from the time the Town receives the invoices for work conducted in the previous month. Watson does not offer any discounts on the costs of services invoiced for any reason including but not limited to, prompt payment of invoicing.

Should this budget not reflect the level of effort envisioned by the Town, we would be pleased to review the scope of the work and budgetary requirement with you.



**Figure 4-1
Town of Minto
Anticipated Timeline for the D.C. Amendment, 2025 D.C. Background Study, & Water and Wastewater Rate Studies and Financial Plan**

Workplan Task	Aug-24				Oct-24				Nov-24				Dec-24				Jan-25				Feb-25				Mar-25				Apr-25				May-25				Jun-25				Jul-25																
	Week of	7	14	21	28	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	3	10	17	24	3	9	16	23	30	7	14	21	28	4	11	18	25	2	9	16	23	30	7	14	21	28									
Current Development Charges Amendment																																																									
1. Preparation of report related to the Amending By-law and Proposed Amending By-law																																																									
2. Review and Comment on the Town's Staff Report and Notice of By-law Passage related to the amending D.C. By-law																																																									
2025 Development Charges Study																																																									
1. Study Initiation Meeting (1)								IM																																																	
2. Data Collection and Review of Background Materials																																																									
3. Growth Projection Development (1)*																																																									
4. Service Standard Calculation, D.C. Calculation, Local Service Policy and Rules (6)*																																																									
5. Policy Recommendations and Draft Findings (1)*																																																									
6. Examination of Long-Term Capital/Operating and Asset Management Plan																																																									
7. Preparation of the Draft D.C. Background Study and Draft By-law(s)																																																									
8. Preparation of the Final D.C. Background Study and Draft By-law(s)																																																									
9. Public Meeting (1)**																																																									
10. Passage of By-law(s) (1)*																																																									
Optional Item:																																																									
11. D.C. Council Workshop (1)**																																																									
Water and Wastewater Rate Study																																																									
1. Study Initiation Meeting - Joint (1)*								IM																																																	
2. Data Collection																																																									
3. Assessment of Volumes/Flows and Customers by Type and Meter Size (1)*																																																									
4. Capital Needs and Financing (1)*																																																									
5. Operating Costs and Lifecycle Planning																																																									
6. Revenue Requirement Projections																																																									
7. Rate Structure Review and Rate Calculations																																																									
8. Review Calculations and Preliminary Rates with Staff (1)*																																																									
9. Report Preparation																																																									
10. Council Meeting and Presentation (1)**																																																									
Water and Wastewater Financial Plan																																																									
1. Project Initiation Meeting - Joint (1)*								IM																																																	
2. Calculate Tangible Capital Asset Balance (utilizing the Township's current PSAB 3150 information)																																																									
3. Convert Operating Statement to Full Accrual Statement of Operations																																																									
4. Enter Balances for Remaining Items on Statement of Financial Position																																																									
5. Use Operating Statement and Statement of Financial Position to Complete Statement of Net Debt and Cash Flow																																																									
6. Verification and Note Preparation																																																									
7. Report Preparation (1)*																																																									
8. Council Meeting (1)**																																																									

Legend :
IM - Study Initiation Meeting
SM - Staff Meeting
SMT - Senior Management Meeting
DR - Draft Report
FR - Final Report
J - Joint Meetings
CW - Council Workshop
CM - Council Meeting
PM - Public Meeting
BLP - By-law Passage
*Virtual Meetings
**In-person Meetings



Table 4-1
Town of Minto
Anticipated Budget for the D.C. Amendment, 2025 D.C. Background Study, & Water and Wastewater Rate Studies and Financial Plan

Workplan Task	Watson and Associates Economists Ltd.						Total Resources	Grand Total Budget
	Sean-Michael Stephen, Managing Partner	Nancy Neale, Manager	Tina Chitsinde, Senior Consultant	Balpreet Passi, Analyst	Vlad Petrov, Senior Consultant	Gisele Sarbandi, Analyst		
Hourly Billing Rate	\$ 320	\$ 235	\$ 190	\$ 145	\$ 190	\$ 145		
Phase 1 - Current Development Charges Amendment								
1. Preparation of report related to the Amending By-law and Proposed Amending By-law	-	2	-	2	-	-	4	\$760
2. Review and Comment on the Town's Staff Report and Notice of By-law Passage related to the amending D.C. By-law	-	1	-	-	-	-	1	\$235
Total Number of Hours	-	3	-	2	-	-	5	
Subtotal Fees - Phase 1 (excluding disbursements and taxes)								\$995
Phase 2 - 2025 Development Charges Study								
1. Study Initiation Meeting (1)	-	3	1	1	1	-	6	\$1,230
2. Data Collection and Review of Background Materials	-	3	6	10	-	-	19	\$3,295
3. Growth Projection Development (1)*	-	1	2	2	8	14	27	\$4,455
4. Service Standard Calculation, D.C. Calculation, Local Service Policy and Rules (6)*	-	18	15	31	-	-	64	\$11,575
5. Policy Recommendations and Draft Findings (1)*	-	4	1	3	-	-	8	\$1,565
6. Examination of Long-Term Capital/Operating and Asset Management Plan	-	-	1	2	-	-	3	\$480
7. Preparation of the Draft D.C. Background Study and Draft By-law(s)	3	4	5	12	3	7	34	\$6,175
8. Preparation of the Final D.C. Background Study and Draft By-law(s)	1	2	3	5	2	-	13	\$2,465
9. Public Meeting (1)**	-	6	1	2	-	-	9	\$1,890
10. Passage of By-law(s) (1)*	-	3	-	-	-	-	3	\$705
Total Number of Hours	4	44	35	68	14	21	186	
Subtotal Fees - Phase 2 (excluding disbursements and taxes)								\$33,835
Phase 3 - Water and Wastewater Rate Study								
1. Study Initiation Meeting - Joint (1)*	-	2	1	1	-	-	4	\$805
2. Data Collection	-	3	4	6	-	-	13	\$2,335
3. Assessment of Volumes/Flows and Customers by Type and Meter Size (1)*	-	4	7	12	-	-	23	\$4,010
4. Capital Needs and Financing (1)*	-	3	6	8	-	-	17	\$3,005
5. Operating Costs and Lifecycle Planning	-	2	3	6	-	-	11	\$1,910
6. Revenue Requirement Projections	-	2	3	4	-	-	9	\$1,620
7. Rate Structure Review and Rate Calculations	1	6	5	12	-	-	24	\$4,420
8. Review Calculations and Preliminary Rates with Staff (1)*	-	4	2	4	-	-	10	\$1,783
9. Report Preparation	2	4	5	8	-	-	19	\$3,680
10. Council Meeting and Presentation (1)**	-	4	1	5	-	-	10	\$1,855
Total Number of Hours	3	34	37	66	-	-	140	
Subtotal Fees - Phase 3 (excluding disbursements and taxes)								\$25,433
Phase 4 - Water and Wastewater Financial Plan								
1. Project Initiation Meeting - Joint (1)*	-	2	1	1	-	-	4	\$805
2. Calculate Tangible Capital Asset Balance (utilizing the Township's current PSAB 3150 information)	-	1	2	4	-	-	7	\$1,195
3. Convert Operating Statement to Full Accrual Statement of Operations	-	1	2	2	-	-	5	\$905
4. Enter Balances for Remaining Items on Statement of Financial Position	-	-	2	3	-	-	5	\$815
5. Use Operating Statement and Statement of Financial Position to Complete Statement of Net Debt and Cash Flow	-	1	2	3	-	-	6	\$1,050
6. Verification and Note Preparation	-	1	1	-	-	-	2	\$425
7. Report Preparation (1)*	2	3	2	3	-	-	10	\$2,160
8. Council Meeting (1)**	-	3	1	2	-	-	6	\$1,185
Total Number of Hours	2	12	13	18	-	-	45	
Subtotal Fees - Phase 4 (excluding disbursements and taxes)								\$8,540
Total Fees - Phases 1 to 4 (excluding disbursements and taxes)								\$68,803
Disbursements								\$1,900
Grand Total (excluding tax) (rounded)								\$70,700
Optional Item:								
11. D.C. Council Workshop (1)**	-	7	1	2	-	-	10	\$2,125
Grand Total Including Optional Item (excluding tax) (rounded)								\$72,800

(#) number of meetings
 *Virtual Meetings include preparation time
 **In-person Meetings include preparation time and travel time



5. Other Matters

General Advisory Services

With over 40 years of experience in undertaking D.C. studies for various clients, Watson is well-equipped to deliver the Town with a D.C. study and by-law that meets the Town's requirements along with ensuring that the D.C. study and by-law adheres to the D.C.A., as amended. The Consulting Team has extensive experience in undertaking D.C. studies and defending the D.C. study and/or by-law before the Ontario Land Tribunal, if required. Watson continues to take part in the MFOA's municipal working group on growth-related legislative matters to ensure our clients are kept informed with the most recent issues.

Subsequent to the passing of the by-laws and completion of the project, Watson is also available to provide general advisory services during the life of the by-laws. Watson is available to answer staff questions and provide additional support to support and assist implementation and application of by-law policies and rates, as required. Watson tracks quarterly prime rates and Statistics Canada non-residential construction price index. In addition, Watson tracks the prime interest rates of the five big banks that would apply to D.C. rate freezes and instalment payments. This information is provided to our clients upon request to assist in implementation of the policies provided in the by-laws.

Further, we continue to monitor and provide our clients information on proposed changes to the D.C. legislation as it occurs and provide information throughout the life of the D.C. by-laws.

Local Service Policy

As part of Watson's methodology and approach to completing a D.C. background study, our firm includes a Local Service Policy in most of our background studies. This states the Town's typical policies regarding the financial responsibility of developers as required through development agreements (i.e., subdivision, site plan, etc.) versus what portion is included in the D.C. The inclusion of a Local Service Policy has become more important as a result of the changes brought forth by Bill 73. A provision in the D.C.A. prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. except as permitted by this Act (e.g., section 59, "Local Services") or another Act (e.g., local improvements under the Municipal Act).



Subsection (2) does allow for exceptions if a class of service or development, or an Act is prescribed; however, no provision is made in the regulations at this time. Watson will work with Town staff to prepare a Local Service Policy to align the policy with the changes to the Act.

Accessibility

Watson is committed to producing accessible documents that comply with A.O.D.A. (Accessibility for *Ontarians with Disabilities Act, 2005*) guidelines, as well as adherence to C.N.I.B. (Canadian National Institute for the Blind) Clear Print guidelines. Watson can provide reports as PDF files that pass the Adobe Acrobat Pro DC Accessibility Checker.

Illustrations in the form of images, figures, diagrams, and complex tables often display data that is difficult to make accessible to people with visual disabilities. To effectively communicate complicated information in a way that is accessible and understandable to the reader, such illustrations are inserted as enhanced metafiles with descriptive, perceivable, and understandable alternative text. In addition, a comprehensive rendering of the data is included in the text to complement the illustrations and communicate results clearly.

In cases where complex data tables are being provided as part of our reports, however, we will discuss any special circumstances with the Town. Often these complex data tables would be included as a separate appendix in order that they can be separated from the main document when being published in the public domain (e.g., municipal website) where accessibility is required.

Our proposed budget for this work is reflective of the accessibility features outlined above. If, however, a higher level of digital accessibility is required, we are able to provide this service at an additional cost to the Town. This additional cost would be determined based on the Town's specific requirements.

Insurance Requirements

Watson carries Commercial General Liability Insurance of \$5,000,000 as well as Professional Errors and Omissions Insurance of \$5,000,000 per claim subject to an annual aggregate of \$5,000,000. Regarding the Automobile Liability Insurance, Watson does not own or lease any vehicles and commercial trailers. That being said, Watson



has coverage for non-owned automobile up to \$2,000,000 and hired automobile up to \$50,000 under the general liability.

Certificate of Insurance

Upon award, Watson will provide a Certificate of Insurance to the Town.

Conflict of Interest

Watson confirms that there is no conflict of interest in undertaking this assignment.

Workplace Safety and Insurance Board (WSIB)

Watson is covered by WISB and is able to provide a valid WSIB certificate for the duration of the contract.



Appendices



Appendix A

Watson & Associates Economists Ltd. Company Profile

CORPORATE PROFILE

Watson & Associates Economists Ltd. (Watson) is one of Canada's leading economic consulting firms. Established in 1982, we offer a comprehensive range of fiscal planning and policy services to clients in government and the private sector throughout Ontario and beyond.

Our unique and dynamic team of specialists has assisted clients from over 250 municipalities, utilities and school boards, as well as private industry, and senior levels of government, to frame their financial and economic strategies.

Watson is widely recognized as a leading authority on the fiscal aspects of the municipal government sector. The firm has earned its reputation for quality of analysis, as well as pragmatic and insightful interpretation of the issues we manage. We are well known for achieving results that translate into successful outcomes for our clients.

“We are well known for achieving results that translate into successful outcomes for our clients.”

OUR PHILOSOPHY

At Watson, we firmly believe that professional expertise, wide experience with local issues and the provincial legislative environment, and an understanding of client expectations are the basic fundamentals for analyzing issues and securing the desired results.

With every assignment, we strive to identify the strategies that are best suited to meeting the challenges facing our clients. Since 1982, our integrated team of financial and economic specialists has provided quality research and analytical expertise to clients. In that time, we have built long-term relationships with a broad range of municipal, provincial and school board clients, who value our judgment and advice.

Also, Watson has numerous working relationships with major law firms, planning and engineering companies, with whom we also work on multi-disciplinary assignments.

“We strive to identify the strategies that are best suited to meeting the challenges facing our clients.”



OUR SERVICES

We offer our clients a broad range of economic forecasting and financial planning services to help them plan for their future. Our main areas of specialization include:

MUNICIPAL, SCHOOL BOARD, CONSERVATION AUTHORITY, AND UTILITY FINANCIAL POLICY STUDIES

- Financial and economic impact assessment for major projects and new development areas
- Municipal capital and operating budget policy
- User rate studies (e.g. water, wastewater, stormwater, solid waste, recreation, licensing)
- Development application processing fees (e.g., planning applications, building permits, development engineering fees)
- Long range planning for school accommodation
- Asset management and PSAB
- Water and wastewater financial plans (O. Reg. 453/07)

DEVELOPMENT-RELATED CAPITAL FUNDING STUDIES

- Development charge studies – municipal, utility, and boards of education, including research and calculation of the charge, by-law adoption process, expert witness testimony, front-end financing, subdivision agreement links and implementation matters
- Community benefits charge strategies
- Parkland dedication reviews

DEVELOPMENT MARKET AND DEMOGRAPHIC FORECASTING STUDIES

- Forecasts, feasibility studies and land needs assessment for a variety of land uses
- Population, household, non-residential space and employment forecasts
- Growth management studies

SERVICE MASTERPLANNING AND ECONOMIC ASSESSMENT

- Assessment of long-term service needs
- Present value costing and financial affordability evaluation for major undertakings
- Property value impact and compensation policy
- Business, employment and other economic impacts

LOCAL GOVERNMENT RESTRUCTURING AND GOVERNANCE

- Assessment of options and strategies
- Service evaluation and financial impact analysis
- Benchmarking and performance measurement
- Asset and liability distribution
- Ward boundary reviews

Our goal is to do the very best for our clients. We are determined to produce outstanding results by taking advantage of the most appropriate computer modelling, analytical techniques and up-to-date databases and research available. At Watson, our vision is to continue to strive for excellence. We endeavour to go beyond our clients' expectations of service and establish ourselves as the leading provider of top-quality economic consulting services in our selected markets.



Appendix B

Watson Expertise and Clients



Development Charges (DC)

Background

Development charges (DC) and related policies concerning cost-sharing, special area charges, and subdivider emplacements are all ways of enabling municipalities to grow in a functional and financially sound manner.

The physical growth of municipalities requires significant investment in infrastructure. Much of that investment comes in the form of DCs collected from the developers of new urban subdivisions, as well as infill development.

DCs must be potentially justified to, and approved by, the Ontario Land Tribunal (OLT, formerly known as the LPAT), if appealed. Watson provides a proven approach to municipalities to enable them to qualify to collect these charges.

Expertise

With recent OLT (LPAT) decisions requiring a level of detailed demographic analysis and given the mandatory asset management reporting requirement now associated with the Act, Watson brings the combined expertise which most other consultants cannot bring to these types of studies.

We have assisted more than 100 municipalities, most on multiple occasions, in moving successfully through the calculation and consultation process, as part of putting a by-law and funding scheme in place.

In recent years, our role has also been directed toward:

- establishing workable capital financing approaches, which integrate DC revenue with the necessary general fund contributions;



Expertise
cont'd

- devising sound exemption policies as part of an economic development strategy, downtown renewal scheme or the promotion of intensification; and
- updating and amending by-laws, to stay current with increased municipal cost responsibility as a result of environmental and other increased requirements.

As part of the implementation process, Watson also provides ongoing advice and assistance to municipalities with respect to policy interpretations, amendments, and reserve fund questions.

Team

Our DC policy specialists include:

- Andrew Grunda, Managing Partner & Principal
- Jamie Cook, Managing Partner
- Peter Simcisko, Managing Partner
- Sean-Michael Stephen, Managing Partner
- Daryl Abbs, Managing Partner
- Erik Karvinen, Manager
- Nancy Neale, Manager
- Byron Tan, Manager
- Adam Fischer, Manager
- Brad Post, Senior Project Coordinator
- Navreet Bains, Senior Project Coordinator
- Stephen Monrad, Senior Consultant
- Vlad Petrov, Senior Consultant
- Matt Bouroukis, Senior Consultant
- Lynn Duong, Consultant
- Sara Lourenco, Consultant
- Connor Jakobschuk, Consultant
- Shaila Taku, Consultant
- Catherine Jiao, Analyst
- Gisele Sarbandi, Analyst
- Tayler Murphy, Analyst
- Balpreet Passi, Analyst
- Jaco de Beer, Analyst
- Majd Natout, Analyst
- Saleh Ali, Analyst
- Selina Liang, Analyst

Development Charge Client List Re the Establishment of Charges Under the D.C.A., 1997, 2003 to 2023

REGIONS

Durham
Haldimand
Halton
Niagara
Peel
Waterloo
York

COUNTIES

Brant
Bruce
Dufferin
Haldimand
Lanark
Norfolk
Northumberland
Oxford
Prince Edward
Renfrew
Stormont, Dundas, and
Glengarry
Wellington

CITIES

Barrie
Belleville
Brantford
Brockville
Burlington
Cambridge
Cornwall
Cumberland
Guelph
Hamilton
Kanata
Kawartha Lakes
Kingston
London
Mississauga
Niagara Falls
North Bay
Orillia
Oshawa
Ottawa
Owen Sound

CITIES (Cont'd)

Pickering
Port Colborne
Quinte West
Richmond Hill
St. Catharines
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Thorold
Timmins
Toronto
Waterloo
Welland
Woodstock

DISTRICTS

Muskoka

MUNICIPALITIES

Bluewater
Brighton
Casselman
Central Elgin
Chatham-Kent
Clarington
Grey Highlands
Lakeshore
Lambton Shores
Leamington
Middlesex Centre
North Grenville
North Middlesex
North Perth
Port Hope
South Bruce Peninsula
South Huron
Southwest Middlesex
Thames Centre
Trent Hills
Trent Lakes
West Elgin
West Grey
West Perth

TOWNS

Ajax
Amherstburg
Arnprior
Aurora
Aylmer
Bradford West Gwillimbury
Caledon
Carleton Place
Cobourg
Collingwood
East Gwillimbury
Erin
Essex
Fort Erie
Gananoque
Georgina
Grand Valley
Gravenhurst
Grimsby
Halton Hills
Hawkesbury
Huntsville
Ingersoll
Kingsville
Lakeshore
LaSalle
Lincoln
Milton
Minto
Mississippi Mills
Mono
Niagara-on-the-Lake
Oakville
Orangeville
Parry Sound
Pelham
Perth
Petawawa
Petrolia
Renfrew
St. Marys
Saugeen Shores
Shelburne
South Bruce Peninsula
Tecumseh
Tillsonburg

TOWNS (Cont'd)

Wasaga Beach
Whitby
Whitchurch-Stouffville

TOWNSHIPS

Adelaide Metcalfe
Adjala-Tosorontio
Alfred and Plantagenet
Amaranth
Asphodel-Norwood
Blandford-Blenheim
Cavan Monaghan
Centre Wellington
Clearview
East Luther Grand Valley
Chatsworth
Clearview
East Garafraxa
East Zorra-Tavistock
Frontenac Islands
Greater Madawaska
Guelph/Eramosa
Hamilton
Havelock-Belmont-Methuen
King
Madawaska Valley
Malahide
Mapleton
Melancthon
Mulmur
North Dumfries
North Dundas
North Glengarry
Norwich
Oro-Medonte
Otonabee-South Monaghan
Puslinch
Rideau Lakes
Russell
Severn
Smith-Ennismore-Lakefield
South Frontenac
Southgate
South Stormont
South-West Oxford

**TOWNSHIPS (Cont'd)**

Southwold
Springwater
Tay
Tay Valley
Tiny
Uxbridge
Wainfleet
Warwick
Wellesley
Wellington North
West Lincoln
Whitewater Region
Wilmot
Woolwich
Zorra

VILLAGES

Dundalk
Point Edward

OTHER

Bradford West Gwillimbury
PUC
Chatham-Kent PUC
Essex Union Water Board
GO Transit -GTA/Hamilton



Water and Wastewater Rates Studies

Background

Municipalities are empowered to impose water and wastewater rates as per the *Municipal Act, 2001*. Since the Walkerton Inquiry, several new pieces of legislation have been passed to ensure the safe and sustainable provision of water and wastewater services. These include the *Safe Drinking Water Act* (including O. Reg. 453/07), *Sustainable Water and Sewage Systems Act* (repealed), *Clean Water Act*, and *Water Opportunities Act*. Watson & Associates Economists Ltd. (Watson) has successfully guided municipalities through these legislative changes.

Over the last few decades, funding of water and wastewater services has shifted from partial reliance on property taxes to a true user fee model with dedicated water and wastewater rates. With the implementation of tangible capital asset accounting, the definition of “full-cost recovery” has expanded to include a broader recognition of all costs required to maintain a viable and sustainable system.

Ideally, these services should be financially self-supporting, with fees set at a level that will provide sufficient funding, not only for operating expenditures, but also for on-going capital repairs and maintenance, lifecycle rehabilitation and replacement, and system upgrades.

Watson’s expertise in the areas of municipal finance, economics, and asset management, coupled with extensive prior experience, makes us well suited to successfully deliver water and wastewater rates studies that meet or exceed provincial requirements and guidelines.



Expertise

Watson has undertaken water and wastewater rates studies on behalf of one-third of Ontario municipalities. At the outset of the study process, we establish the long-term financial needs of a municipality. Our experienced consultants then review, evaluate, and recommend rates and rate structures to ensure an appropriate balance between sustainability and equity.

The principle of full-cost recovery is a key driver in our water and wastewater rates studies, which address the following items, as required:

- Identification of existing asset inventories and estimation of annual lifecycle replacement costs;
- Identification of current and future water and wastewater system capital needs;
- Estimation of future operating costs;
- Identification of cost recovery options for capital (e.g. debt financing, reserve transfers, grant funding, etc.);
- Assessment of rate structure alternatives (with analysis based on ease of understanding, equity, revenue stability, and administrative burden);
- Assessment of customer impacts and municipal benchmarking; and
- Recommendations for new rates to ensure long-term financial sustainability of water and wastewater systems.

Team

Our water and wastewater rates studies specialists include:

- Andrew Grunda, Managing Partner & Principal
- Peter Simcisko, Managing Partner
- Sean-Michael Stephen, Managing Partner
- Daryl Abbs, Managing Partner
- Nancy Neale, Manager
- Byron Tan, Manager
- Navreet Bains, Senior Project Coordinator
- Matt Bouroukis, Senior Consultant
- Sara Lourenco, Consultant
- Connor Jakobschuk, Consultant
- Tayler Murphy, Analyst
- Balpreet Passi, Analyst
- Jaco de Beer, Analyst
- Majd Natout, Analyst
- Saleh Ali, Analyst
- Selina Liang, Analyst



Water and Wastewater Financial Plans

Background

Financial Plan Reporting Under Safe Drinking Water Act

On August 16, 2007, the Ministry of the Environment passed O. Reg. 453/07 under the Safe Drinking Water Act, which requires the preparation of financial plans for water (and wastewater) systems. Generally, the financial plan:

- is to be completed and submitted by the later of July 1, 2010 or six months after approval of a water licence;
- will be for 6 years or longer; and
- is mandatory for water, and “encouraged” for wastewater.

Reporting to the Province will be on an accrual basis consistent with PSAB reporting requirements.

The following steps must be taken in preparing the financial plan:

- Analyze the immediate capital needs for infrastructure replacements.
- Analyze growth-related needs and how to finance them.
- Develop lifecycle replacement costs for longer term (up to 80 years) infrastructure needs, including how much money should be reserved.
- Assess the costs of the water and sewer systems, including operating, inflation, growth, capital and debt carrying charges.

Subsequently, Ontario introduced the Water Opportunities Act, which will replace the present regulation and expand its requirements to include wastewater and storm water services.



Background
cont'd

The provision of the Water Opportunities Act will require:

- an asset management plan for the physical infrastructure;
- a financial plan;
- a conservation plan;
- an assessment of risks that may affect delivery of the service; and
- strategies for maintaining and improving the municipal service.

Implementation of this Act is expected in conjunction with the asset management assessments being undertaken for the Infrastructure for Jobs and Prosperity Act.

Expertise

Protecting our drinking water supplies and safety is critical to the health of our municipalities and communities.

Having executed related assignments for almost 100 municipalities, we have the demonstrated knowledge to develop a financial plan that will meet or exceed the Province's requirements. Watson is committed to monitoring developments in this field.

Team

Our water and wastewater financial plans specialists include:

- Andrew Grunda, Managing Partner & Principal
- Peter Simcisko, Managing Partner
- Sean-Michael Stephen, Managing Partner
- Daryl Abbs, Managing Partner
- Nancy Neale, Manager
- Byron Tan, Manager
- Navreet Bains, Senior Project Coordinator
- Stephen Monrad, Senior Consultant
- Matt Bouroukis, Senior Consultant
- Suday Jain, Senior Consultant
- Sara Lourenco, Consultant
- Connor Jakobschuk, Consultant
- Tayler Murphy, Analyst
- Balpreet Passi, Analyst
- Jaco de Beer, Analyst
- Majd Natout, Analyst

Experience in Water, Wastewater and Stormwater Rate Studies, 2001 to 2023

- Adjala-Tosorontio Water and Sewer Rate Study and Update (with Connection Fees)
- Amaranth Water Rate Study
- Amherstburg Water Rate Study
- Amherstburg Wastewater Environmental Assessment and Financial Impact
- Arnprior Water and Sewer Rate Study
- Aurora Water and Sewer Lifecycle Reserves
- Aylmer Secondary Water System Rate Study and Update
- Aylmer Sustainable Water and Sewage System Rate Study and Update
- Aylmer Wastewater Treatment and Collection System and Update
- Aylmer Water and Wastewater Rate Study
- Bancroft Water and Sewer Study
- Bancroft Water Metering Audit
- Barrie Water and Wastewater Rate Study
- Bayham Sanitary Sewer Servicing Study (peer review)
- Bayham Water Servicing Study (peer review)
- Bayham Water and Wastewater Rate Study
- Bradford West Gwillimbury Water and Sewer Rate Study
- Brampton Stormwater Rate Study
- Brantford Water, Wastewater and Stormwater Rate Study and Update
- Brighton Water and Wastewater Rate Study
- Cambridge Stormwater Financing Study
- Campden (Lincoln) Sewer Servicing Study
- Cavan Monaghan Water and Wastewater Rate Study
- Central Elgin Water and Wastewater Rates and Update
- Central Huron Sewer Environmental Assessment and Financing Study
- Central Huron Water and Wastewater Rate Study
- Centre Wellington Water and Sewer Rates and Update
- Chatham-Kent Water and Sewer Rates and Update
- Cobourg Stormwater Rate Study (in progress)
- Cobourg Water and Sewer Rates and Update



- Cochrane Water and Wastewater Rate Study
- Cornwall Water and Sewer Rates and Update
- Collingwood Water and Wastewater Rate Study
- Deep River Water and Sewer Study and Update
- Deseronto Water and Wastewater Rate Study
- East Garafraxa Water Rate Study
- East Gwillimbury Water and Wastewater Rate Study
- Elgin Area Primary Water Supply System – Water Financial Plan
- Erin Water Rate Study
- Essex (Town) Water and Wastewater Rate Study
- Fort Frances Water and Wastewater Rate Study
- Georgina Water and Sewer Rates
- Grand Valley Water and Wastewater Rate Study
- Grand Valley WPCP Financial Plan
- Greater Napanee Water and Sewer Rates
- Guelph/Eramosa Water and Sewer Rates and Update
- Halton Hills Stormwater Rate Study
- Hamilton (City) Water and Wastewater Financial Plan Development Study
- Hamilton (City) Water, Wastewater and Stormwater Rate Study
- Hamilton (Township) Water and Wastewater Rate Study
- Hornepayne Water and Wastewater Rate Study
- Kawartha Lakes Water and Sewer Rate Study
- King Township Water and Wastewater Rate Study
- Kingsville Water and Wastewater Rate Study
- Lake Huron Primary Water Supply System – Water Financial Plan
- Lakeshore Water and Sewer Rates
- Lakeshore Water and Wastewater Master Plan
- Lambton Area Water Supply System Rate Study
- Lambton Shores Water and Sewer Rates
- Leamington Water and Wastewater Rates
- Leeds and The Thousand Islands – Water and Wastewater Rate Study
- Lincoln Water and Sewer Rates and Update
- London Wastewater 20 Year Financial Plan
- Madawaska Valley Water and Wastewater Rate Study and Update



- Malahide (Tertiary) Water System and Update
- Malahide (Springfield) Wastewater Rate Study and Update
- Manitoba Water Services Board – Wastewater Treatment Cooperative Governance Model
- Mapleton Water and Sewer Rate Study and Update
- Meaford Water and Wastewater Rate Study
- Midland Water Billing Audit
- Midland Water and Wastewater Rate Study
- Minto Water and Sewer Rate Study and Update
- Mississippi Mills Water and Sewer Rate Study and Update
- Mono Water and Sewer Rates and Update
- Mulmur Water Rate Study and Financial Plan
- Newbury Water Rate Agreement Review
- Nobleton (King) Sewer Servicing Study
- Norfolk Water and Wastewater Rate Study
- North Grenville Water and Wastewater Master Plan
- North Middlesex Wastewater Rates – Impact of Servicing Alternatives
- Orangeville Water and Sewer Rates and Update
- Owen Sound Water and Wastewater Rate Study
- Quinte West Water and Wastewater Rate Study
- Parry Sound Water and Wastewater Rate Study
- Peel Water and Wastewater Long Term Infrastructure Evaluation
- Pelham Water and Wastewater Rate Study
- Pembroke Water and Wastewater Rate Study
- Penetanguishene Water and Wastewater Rate Study and Update
- Perth Water and Wastewater Rate Study
- Petawawa Water and Wastewater Rate Study
- Petrolia Water and Wastewater Rate Study
- Plympton-Wyoming Water and Wastewater Rate Study
- Point Edward Water and Wastewater Rate Study
- Port Burwell Secondary Water System Rate Study and Update
- Port Hope Water and Sewer Rates and Update
- Prince Edward County Water and Sewer Rate Study and Update
- Prince George (BC) Water and Sewer Rates
- Red Rock Water and Wastewater Rate Study



- Renfrew Water and Sewer Rate Study
- Richmond Hill Stormwater Rate Study
- Richmond Hill Water and Wastewater Rate Study
- Sarnia Water, Wastewater and Stormwater Rate Study
- St. Thomas Secondary Water System Rates and Update
- St. Thomas Sewer Rates and Update
- St. Thomas Water Rates and Update
- Severn Water and Wastewater Rate Study and Update
- Shelburne Water and Wastewater Rate Study and Update
- Sioux Lookout Water and Sewer Rate Study
- Smiths Falls Water and Wastewater Rate Study
- Southgate Water and Sewer Rates
- South Huron Water and Wastewater Rate Study
- South Stormont Water and Wastewater Rate Study
- Southwold Water and Wastewater Rate Study
- Stratford Water and Wastewater Rate Study
- Tay Water and Wastewater Rate Study
- Tecumseh Stormwater Rate Study
- Tecumseh Water and Sewer Master plan and Rate Impact of Options
- Tecumseh Water and Sewer Rates
- Temiskaming Shores Water and Sewer Rate Study
- Thames Centre Stormwater Rate Study (ongoing)
- Thames Centre Water and Sewer Rate Study
- Timmins Water and Wastewater Rate Study
- Trent Hills Water and Wastewater Rate Study
- Union (Central Elgin) Water Servicing Study
- Union Water System (Essex) Rate Study and Update
- Union Water Master Plan
- Vaughan Stormwater Rate Study
- Vaughan Water and Wastewater Rate Study
- Walkerton Inquiry – several reports prepared on behalf of OWWA, OMWA and CELA
- Warwick Water and Wastewater Rate Study
- Wasaga Beach Water and Sewer Rates
- Wellington North Water and Sewer Rates and Update



- West Lincoln Water and Wastewater Rate Study
- Westport Water and Wastewater Rate Study
- Whitewater Region Water and Wastewater Rate Study
- Windsor Stormwater Rate Study
- Windsor Utility Commission Water Rate Study
- Windsor Water Rate Study
- Woolwich Water and Sewer Rates and Update
- York Region Water and Wastewater Rate Study



Appendix C

Legislation Related to the Water and Wastewater Rate Study



The following provides an overview on the legislative requirements for the water and wastewater rate study.

Sustainable Water and Sewage Systems Act

As noted earlier, the S.W.S.S.A. was passed on December 13, 2002. The intent of the Act was to introduce the requirement for municipalities to undertake an assessment of the “full cost” of providing their water and wastewater services. It is noted, however, that this Act has been repealed. To provide broader context and understanding to other legislation discussed herein, a description of the Act is provided below.

Full costs for water service was defined in subsection 3 (7) of the Act and included “source protection costs, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public and such other costs which may be specified by regulation.” Similar provisions were made for wastewater services in subsection 4 (7) with respect to “collecting, treating or discharging waste water.”

The Act would have required the preparation of two reports for submission to the Ministry of the Environment (or such other member of the Executive Council as may be assigned the administration of this Act under the *Executive Council Act*). The first report was on the “full cost of services” and the second was on the “cost recovery plan.” Once these reports were reviewed and approved by the Ministry, the municipality would have been required to implement the plans within a specified time period.

In regard to the full cost of services report, the municipality (deemed a regulated entity under the Act) would prepare and approve a report concerning the provision of water and sewage services. This report was to include an inventory of the infrastructure, a management plan providing for the long-term integrity of the systems and would address the full cost of providing the services (other matters may be specified by the regulations) along with the revenue obtained to provide them. A professional engineer would certify the inventory and management plan portion of the report. The municipality’s auditor would be required to provide a written opinion on the report. The report was to be approved by the municipality and then be forwarded to the Ministry along with the engineer’s certification and the auditor’s opinion. The regulations would stipulate the timing for this report.



The second report was referred to as a cost recovery plan and would address how the municipality intended to pay for the full costs of providing the service. The regulations were to specify limitations on what sources of revenue the municipality may use. The regulations may have also provided limits as to the level of increases any customer or class of customer may experience over any period of time. Provision was made for the municipality to implement increases above these limits; however, ministerial approval would be required first. Similar to the first report, the municipal auditor would provide a written opinion on the report prior to Council's adoption, and this opinion must accompany the report when submitted to the Province.

The Act provided the Minister the power to approve or not approve the plans. If the Minister was not satisfied with the report or if a municipality did not submit a plan, the Minister may have a plan prepared. The cost to the Town for preparing the plan would be recovered from the municipality. Also, the Minister may direct two or more regulated municipalities to prepare a joint plan. This joint plan may be directed at the onset or be directed by the Minister after receiving the individual plans from the municipalities.

The Minister also had the power to order a municipality to generate revenue from a specific revenue source or in a specified manner. The Minister may have also ordered a regulated entity to do or refrain from doing such things as the Minister considered advisable to ensure that the entity pays the full cost of providing the services to the public.

Once the plans were approved and in place, the municipality would be required to submit progress reports. The timing of these reports and the information to be contained therein would be established by the regulations. A municipal auditor's opinion must be provided with the progress report. Municipalities would also revise the plans if they deem the estimate does not reflect the full cost of providing the services, as a result of a change in circumstances, regulatory or other changes that affect their plan, etc. The municipality would then revise its prior plan, provide an auditor's opinion, and submit the plan to the Minister.

5.1.1.1 Water Opportunities Act

As noted earlier, since the passage of the S.D.W.A., continuing changes and refinements to the legislation have been introduced. Some of these Bills have found their way into law, while others have not been approved. Bill 72, the *Water*



Opportunities Act, 2010, was introduced into legislation on May 18, 2010 and received Royal Assent on November 29, 2010.

The Act provides for the following elements:

- The fostering of innovative water, wastewater and stormwater technologies, services and practices in the private and public sectors;
- Preparation of water conservation plans to achieve water conservation targets established by the regulations; and
- Preparation of sustainability plans for municipal water services, municipal wastewater services and municipal stormwater services.

With regard to the sustainability plans:

- The Act extends from the water financial plans and requires a more detailed review of the water financial plan and a full plan for wastewater and stormwater services; and
- Regulations will provide performance targets for each service – these targets may vary based on the jurisdiction of the regulated entity or the class of entity.

Performance indicators will be established by service, with the following considerations:

- May relate to the financing, operation or maintenance of a municipal service or to any other matter in respect of what information may be required to be included in a plan;
- May be different for different municipal service providers or for municipal services in different areas of the Province.

Regulations will prescribe:

- Timing;
- Contents of the plans;
- Which identified portions of the plan will require certification;
- Public consultation process; and
- Limitations, updates, refinements, etc.

As noted earlier, it is expected that this Act will implement the principles of the S.W.S.S.A. once all regulations are put in place.



5.1.1.2 Infrastructure for Jobs and Prosperity Act, 2015 (I.J.P.A.)

On June 4, 2015, the Province of Ontario passed the I.J.P.A. which, over time, will require municipalities to undertake and implement asset management plans for all infrastructure they own. On December 27, 2017, the Province released Ontario Regulation 588/17 under the I.J.P.A. which has three phases that municipalities must meet.

Every municipality in Ontario had to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2021):
 - For core assets, municipalities must have the following:
 - Inventory of assets;
 - Current levels of service measured by standard metrics; and
 - Costs to maintain levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2023):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2024):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Lifecycle management and financial strategy.

In relation to water and wastewater (which is considered a core asset), municipalities will need to have an asset management plan that addresses the related infrastructure by July 1, 2021 (Phase 1). O. Reg. 588/17 specifies that the municipality's asset management plan must include the following for each asset category:

- The current levels of service being provided, determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan;
- The current performance of each asset category, including:
 - a summary of the assets in the category;
 - the replacement cost of the assets in the category;



- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the municipality's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- The lifecycle activities that would need to be undertaken to maintain the current levels of service.



Appendix D

Curriculum Vitae

Sean-Michael Stephen, MBA

Managing Partner



Sean-Michael joined Watson in 2014 having previously had a career in professional rugby. His experience leading teams in Canada and Europe has provided him with a strong strategic and analytical skill set. Having joined the firm initially as an analyst, Sean-Michael has progressed to his current role as one of the firm's managing partners.

Sean-Michael works primarily in the areas of municipal and local government finance and leads the firm's consulting practice with Ontario conservation authorities. Sean-Michael provides advisory services to our clients in a variety of areas, regularly leading development charges studies, water and wastewater rate studies, development- and non-development-related user fee studies, and fiscal impact assessments and long-term financial plans.

EDUCATION

2017, International Association for Public Participation (IAP2)

Foundations in Public Participation Program

- Planning for Effective Public Participation
- Techniques for Effective Public Participation

2014, Edinburgh Business School, Heriot-Watt University

Master of Business Administration (Awarded with distinction)

2006, University of Western Ontario

Bachelor of Arts, Kinesiology

EMPLOYMENT HISTORY

Current

Managing Partner, Watson & Associates Economists Ltd.

- Prepares development charge studies, water and wastewater rate studies, user fee studies (related to development application approval processes, conservation authority user fees, and other municipal services), and long-term financial plans.

2010-2013

Internship positions, United Kingdom

- Contributed to marketing and promotions, and business analysis, for two local companies in the UK.

2233 Argentia Rd.
Suite 301
Mississauga, Ontario
L5N 2X7

Office: 905-272-3600
Fax: 905-272-3602
www.watsonecon.ca




Watson
& Associates
ECONOMISTS LTD.



EXPERTISE

- Asset management/PSAB
- Developer/cost sharing
- Development application fees
- Development charges
- Economic impact of development
- Feasibility/business case studies
- Municipal financial planning and policy
- Municipal service master planning and EAs
- Water and sewer rate studies

Nancy Neale, PLE

Manager



Since joining Watson in 2003, Nancy has worked on numerous water and wastewater rate studies, development charge studies and fiscal impact studies.

Nancy has extensive experience in municipal budgeting and development. In her previous roles, she was responsible for the capital budget process, development charge studies, municipal debt, growth-related analysis, coordination and implementation of special financial agreements, and lifecycle modelling.

EDUCATION

2003, AMCTO

Municipal Administration Program

1997

Completed nine courses towards attaining a Certified General Accountant Designation

1987, Mohawk College of Applied Arts and Technology

Accounting program, with a major in Accounting and Finance

EMPLOYMENT HISTORY

Current

Manager, Watson & Associates Economists Ltd.

- Focuses on development charge studies, and water and wastewater rate studies.

1999-2003

Capital Development Analyst, Town of Milton

- Managed the capital budget processes, municipal debt, development charge studies, reserves, growth-related analysis, coordination and implementation of special financial agreements, lifecycle models and financial requirements of the Building Permit system.



EMPLOYMENT HISTORY cont'd

1992-1999

Capital Analyst, Town of Oakville

- Compiled the capital budget and nine-year forecast, prepared capital variance analysis and reports, and coordinated capital debt requirements.
- Reviewed grant applications.

1990-1992

Development Charges Analyst, Town of Oakville

- Focused on the administration and implementation of the development charges by-law; oversaw financial commitments on development agreements, securities and insurance.
- Assisted with analysis and preparation of development-related studies.

1987-1990

Development Clerk, The Regional Municipality of Halton

- Implemented the Water and Wastewater Master Servicing and Financing Scheme, which serviced two local municipalities.
- Managed securities, lot levy audit model, collection and allocation of lot levies on land severance and condominium applications.

PROFESSIONAL CERTIFICATIONS

- Professional Land Economist (PLE)

PROFESSIONAL AFFILIATIONS

- Member, Association of Ontario Land Economists

EXPERTISE

- Asset management/PSAB
- Developer/cost sharing
- Development charge studies
- Feasibility and business case studies
- Financial and economic impact
- Municipal financial planning and policy
- Municipal service master planning and environmental assessments
- O. Reg. 453/07 Financial Plans
- Water and sewer rate studies

Tina Chitsinde, BS, MBE

Senior Consultant



Since joining the firm in 2016, Tina has assisted with the development of quantitative models, report writing, and research for development charge background studies, water and wastewater rate studies and user fees reviews.

Tina's diverse professional background and education make her a valuable resource to the firm and our clients.

EDUCATION

2013, Brock University
Master of Business Economics

2005, Texas Christian University
Bachelor of Science, Economics and Political Science

EMPLOYMENT HISTORY

Current

Senior Consultant, Watson & Associates Economists Ltd.

- Focused on the areas of municipal finance, development charges, water and wastewater rate studies, and fiscal impact assessments.

2013-2016

Teaching and Research Assistant, Department of Economics, Brock University

- Prepared course material, conducted lectures and tutorials, evaluated assessments and provided feedback to students.

2011-2012

PMO Governance Coordinator, BlackBerry

- Facilitated the end-to-end project governance process of new and existing projects and budget change requests within the Project Management Office.



EXPERTISE

- Asset management/PSAB
- Development application fees
- Development charges
- Economic impact of development
- Feasibility/business case studies
- Water and sewer rate studies

Balpreet Passi, MA, H.BCom Analyst



Balpreet joined Watson in 2022, as part of our Municipal Finance group. She works primarily in the areas of municipal finance and development charges.

Her strong academic background in economics and finance makes her a valuable resource to the firm and our clients.

EDUCATION

2019, Faculty of Liberal Arts and Professional Studies – York University
Master of Arts in Economics

2018, DeGroote School of Business – McMaster University
Bachelor of Commerce (Honours)

2018, Faculty of Social Sciences – McMaster University
Bachelor of Arts in Economics

EMPLOYMENT HISTORY

Current

Analyst, Watson & Associates Economists Ltd.

- Supports the areas of municipal finance and development charges.

2019-2021

Operations Representative, Fidelity Clearing Canada ULC.

- Supported the Mutual Funds and Registered Products Team, specifically with mutual fund trade orders and client account enquiries.
- Ensured adequate execution of daily mutual fund trades along with client account reconciliation.
- Collaborated with clients and internal teams to ensure client account concerns were addressed.



EMPLOYMENT HISTORY cont'd

2018-2019

Teaching Assistant (TA), York University

- TA for undergraduate mathematics and microeconomics courses.
- Addressed student questions, marked exams and assignments, recommended study strategies for students, led weekly tutorials.

EXPERTISE

- Development charges
- Financial and strategic analysis
- Financial and economic impact of development
- Feasibility/business case studies
- Water and sewer rate studies
- Asset management/PSAB
- Development Application Fees

Vladislav Petrov, BA, MA

Senior Consultant



Vlad joined Watson in 2017 with a strong economic background and familiarity with both the municipal and regional levels of government. His experience has allowed him to use analytical and data modelling techniques to research, develop and implement various projects.

Vlad's capabilities make him an asset to Watson and our clients, in the areas of demographics and land needs forecasting.

EDUCATION

*2016, Toronto Metropolitan University**
Master of Arts, International Finance and Economics

*2015, Toronto Metropolitan University**
Bachelor of Arts, International Economics and Finance

EMPLOYMENT HISTORY

Current

Senior Consultant, Watson & Associates Economists Ltd.

- Supports the areas of demographics and land needs forecasting.

2017

Economic Development Intern, Halton Region

- Managed data initiatives including economic database updates, key sector and industry cluster studies, trend analysis, data enquiry response and quarterly economic reports.

Business Consultant, FreshInsights Consulting

- Led three successful projects including a go-to market strategy, tactical growth plan and product development recommendation.

* Toronto Metropolitan University was previously known as Ryerson University



EMPLOYMENT HISTORY cont'd

2016-2017

Economic Analyst, Burlington Economic Development Corporation

- Managed the economic and market analysis to support the successful development and implementation of BEDC's Strategic Plan.

2015-2016

Graduate Assistant, Toronto Metropolitan University*

- Conducted tutorials and held office hours in the areas of Microeconomics and Engineering Economics; invigilated and graded exams.

2014-2015

Assistant Business Analyst, Cancer Care Ontario

- Collaborated with multiple stakeholder groups and departments to gather and document project requirements and analyze data for the delivery of Business Requirements Documents.

EXPERTISE

- Development charges
- Employment lands strategies
- Growth management studies
- Intensification studies
- Municipal competitiveness
- Municipal comprehensive reviews
- Office market studies
- Official plan reviews
- Retail market studies
- Secondary plan growth forecasts
- Ward boundary reviews

* Toronto Metropolitan University was previously known as Ryerson University

Gisele Sarbandi, BA (Hons), MCP Analyst



Gisele joined Watson in 2021, as part of our Planning and Land Economics group. She works primarily in the areas of demographics and land needs assessments.

Her strong academic and professional background in planning and development makes her a valuable resource to the firm and our clients.

EDUCATION

2021, University of Manitoba
Master of City Planning

2018, University of Toronto
Honours Bachelor of Arts, Urban Studies and Environmental Geography

2011, Sheikh Bahaei University
Bachelor of Engineering, Urban Planning

EMPLOYMENT HISTORY

Current

Analyst, Watson & Associates Economists Ltd.

- Supports the Planning and Land Economics team, specializing in demographics and land needs assessments.

2019-2021

Planning Student, Winnipeg Metropolitan Region (WMR)

- Provided geographic information systems (GIS) support on assigned topics related to the *Plan 20-50: Regional Growth and Servicing Plan*
- Conducted background research related to the development plans, municipal-comprehensive reviews, and other planning initiatives
- Assisted with organizing and preparing reports, briefing materials, annual reports, social media messaging, and website updates
- Prepared graphical analysis and spatial data analysis, including preparing maps, tables, charts, infographics, and displays to support planning projects

2233 Argentia Rd.
Suite 301
Mississauga, Ontario
L5N 2X7

Office: 905-272-3600
Fax: 905-272-3602
www.watsonecon.ca




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& Associates
ECONOMISTS LTD.



EMPLOYMENT HISTORY cont'd

2016-2017

Research Assistant, Parkdale Neighbourhood Land Trust (PLNT)

- Conducted a walking survey and a door-to-door survey to identify rooming houses in Parkdale Neighbourhood in Toronto, ON

EXPERTISE

- Development charges
- Development feasibility and pro forma studies
- Demographics, growth management and urban land needs
- Municipal competitiveness
- Municipal comprehensive reviews
- Office and commercial studies
- Real estate market analysis