



JOINT BOARD OF MANAGEMENT

Wednesday, April 19, 2023
9:00 AM

Kingsville Community Room
Kingsville Arena
1741 Jasperson Road, Kingsville

AGENDA

- A. **Call to Order:**
- B. **Disclosures of Pecuniary Interest:**
- C. **Approval of Minutes:**
Minutes of the meeting of the Union Water Supply System Joint Board of Management Meeting held Wednesday, February 15, 2023
Pages 3 - 10
- D. **Business Arising Out of the Minutes**
- E. **Items for Consideration:**
 - 1. UW/09/23 dated April 14, 2023 re: Status Update of UWSS Operations & Maintenance Activities and Capital Works to April 13, 2023
Pages 11 - 14
 - 2. UW/10/23 dated March 20, 2023 re: 2022 Audited Financial Statements
Pages 15 - 34
 - 3. UW/11/23 dated April 13, 2023 re: Upgrade of 300mm Common Asset Watermain - Victoria Avenue, Essex Centre
Pages 35 - 37
- F. **Special Closed Meeting of the UWSS Joint Board of Management**

Recommendation:

That the UWSS Joint Board of Management move into a Special Closed Meeting, pursuant to the Municipal Act Section 239 (2)(e)(f) for the following reason:

Matters for Consideration:

Verbal update Under Municipal Act Section 239 (2)(e)(f) update regarding potential litigation and advice provided by the solicitor for the Union Water Supply System Joint Board of Management.

April 13, 2023

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The UWSS Board consider this verbal report in closed session pursuant to section 239(2) of the Municipal Act, 2001, subsection(s)(e)(f):

- G. Disclosure of Pecuniary Interest and General Natural Thereof**
- H. Adjournment of Special Closed Meeting**
- I. Report on Closed Session**
- J. New Business:**
- K. Adjournment:**
- L. Date of Next Meeting:** May 17, 2023, 9:00 am, Kingsville Community Room, 1741 Jasperson Road, Kingsville Arena

/kmj

Business Arising out of Minutes:

There was none

Report UW/05/23 dated February 10, 2023 re: Status Update of UWSS Operations & Maintenance Activities and Capital Works from January 13th to February 10th, 2023

The Manager reminds members of the necessary repair of the clamp on the effluent pipe for Clarifier #3 & #4. He explains that he is expecting it to arrive this week and operations staff will be working to install this, so both clarifiers can be brought back online, in time for the higher flows of the spring season.

While Clarifier #4 was out of service operations staff completed major repairs to the sludge rake structure. The Manager also notes that the annual filter maintenance has been completed.

The Manager indicates that the Ruthven WTP had an unannounced inspection for the Lakeshore Distribution System was conducted by the MECPC on January 31st, 2023. No report has been received at this time.

The Manager reminds members of the faulty algae probe, which has now been repaired and put back in service. This probe is now ready for the upcoming warmer weather season.

The Manager then explains that Meter Chamber #17 flow meter had failed. In consultation with staff from the Town of Kingsville and OCWA operations it was determined that due to work associated with watermain relocation as part of widening of Highway 3, it was best to remove the meter chamber and the flow meter associated with it. He notes that this flow meter is no longer used for billing purposes, as billing had previously been separated into three (3) zones: Kingsville, Gosfield South & Gosfield North, now there will just be one (1) billing zone for all of Kingsville.

The Manager explains that the engineering team working on the conceptual design for the project with UWSS and Windsor Utilities Commission (WUC) emergency redundancy will be sharing a potential solution in the coming weeks. A workshop will be held in March 2023, with a presentation ready for both boards sometime in the Summer of 2023.

The Manager explains that C3 Water is progressing with their investigation to identify solutions for the AWT storage issues. The Manager is anticipating a report sometime in March 2023.

The Manager then explains that Associate Engineering (AE) is also moving along with conceptual design on the new reservoir to be located at the WTP. The Manager then explains that further investigation is happening of an abandoned gas well located on the property. He notes that an electromagnetic study will be completed and that should assist in identifying any further issues. He will be providing a report to the board once received from AE. He notes AE is also assisting with the DAF optimization and any recommendations to make the new DAF system even more efficient.

Minutes of the Meeting of the Union Water Supply System Joint Board of Management

Date: February 15, 2023

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The MECP draft inspection report has been received for the UWSS. There were no recommendations on non-compliance, except regarding chlorine residuals leaving the property. The Manager notes that as part of the 2023 capital plan a system will be put in place to assist with measuring the levels. Currently, the levels are so low, that it is difficult to find an instrument that is capable of measuring said levels.

The Manager then reviews the flows and notes how they have increased over the last year and previous four (4) year average.

The Chair asks if the testing instrumentation for the chlorine residual is an added capital cost. The Manager notes that this item was planned and is the current 2023 budget.

Councillor Patterson asks a few questions concerning the inspection, screens on our intakes and whether the highway widening should consider a conduit be put in place. The manager notes that there was no issues with the inspection; the intakes are about six (6) feet off the bottom of the lake and are currently not causing an issue; and he will discuss the conduits with operational staff and Town staff to mitigate future problems.

No. UW-09-23

Moved by: Councillor Patterson

Seconded by: Deputy Mayor Verbeke

That report UW/05/23 dated February 10, 2023 re: Status update of the UWSS Operations & Maintenance Activities and Capital Works from January 13 to February 10, 2023

Carried (UW/05/23)

Report UW/06/23 dated February 9, 2023 re: 2022 Annual Report under the Safe Drinking Water Act and Ontario Regulation 170/03

The Manager reminds members of the Board that this report is prepared and provided each year. OCWA prepares the report on behalf of all of the municipalities and Union Water and identifies the size of the system, describes the water treatment process, the chemicals used, capital costs, any spills, sampling program, turbidity and other parameters used in the treatment of drinking water. This report will be sent all of the municipalities and posted on UWSS's website.

No. UW-10-23

Moved by: Mayor Bondy

Seconded by: Councillor Dunn

That the report UW/06/23 dated February 9, 2023 re: 2022 Annual Report under the Safe Drinking Water Act and Ontario Regulation 170/03 is received.

Carried (UW/06/23)

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Report UW/07/23 dated February 9, 2023 re: 2022 Summary Report for Municipalities under Regulation 170/03 made under the Safe Drinking Water Act

The Manager notes that this another mandatory report prepared each year under the Safe Drinking Water Act and provided to members of the Board and their respective councils. He notes there were no AWQIs in 2022, identifies how much water was taken from Lake Erie and that UWSS was well within compliance. He does explain that later in the year the process will begin to start on UWSS's license renewal.

The Manager further explains that UWSS is skirting right around the 80% of its license requirements and explains the high demands periods. During those high demand periods more water is being taken out than can be replenished.

Councillor Dunn asks if it is possible to apply for a permit to take more water than currently being taken. The Manager indicates that an Environmental Assessment (EA) is underway and all options will be looked at, as well it will be necessary to host a public information session, and after those items are completed UWSS will better identify what the expansion will potentially look like. He also notes studies are being completed to see how much more water can be pushed through the system. He reminds members of the Board that there are limiting hydraulic issues at the WTP.

Councillor Gaffan feels that not enough is being done to plan for long term. The Manager notes that between 2015 and 2019 the water demand just simply wasn't there. He notes that industry trigger points guide expansion. He is also hoping the EA will be presented in late Spring. He also confirms that the capital plan looks ahead 10 years, and the reservoir being planned is double the current reservoir volumes.

The Manager then also reminds members of the board of the potential of a new annex WTP, which would be modular in nature, so that it can easily be added on to. There is then a brief discussion on water use within the greenhouse industry and the type of growth within the UWSS area in all areas; residential, commercial and greenhouse. He confirms that UWSS has no control over where growth happens within the municipalities, which is controlled at the municipal or provincial level.

No. UW-11-23

Moved by: Councillor Gaffan

Seconded by: Deputy Mayor DeYong

That the Board receive the Summary Report for 2022 which fulfils the requirements of Schedule 22 of Ontario Regulation 170/03; and

That the Summary Report be forwarded to the four (4) participating municipalities namely the Town of Essex, Town of Kingsville, Municipality of Lakeshore and the Municipality of Leamington.

Carried (UW/07/23)

Slide Presentation

The Manager shows several slides showing the rise in water use over the last 5 years

Mayor Bondy leaves the meeting at 9:47 am

The Manager indicates that flows are already increasing this year and he attributes that to the shift in how greenhouses are growing their crops and also many new residential and commercial developments.

He further notes that this shift is allowing for less and less time to complete winter repairs.

This presentation then shifts over to his final report.

Report UW/08/23 dated February 10, 2023 re: Extension of Moratorium on Applications for UWSS Treated Water Allocation

The Manager notes that this is not a new item but was brought before the UWSS Board back in 2020, with a year extension again in 2021. Councillor Wilkinson notes that it seems that greenhouse construction has leveled off, but there still seems to be some building.

The Manager notes that some of the greenhouses that are out there at the moment under construction are the ones that were approved prior to the moratorium and were just working their way through the permitting process. Those particular greenhouses would be have been accounted for within the model. They are just now coming online.

The Manager further notes that the UWSS needs further information as to what each greenhouse actual uses, this information could potentially assist with applications in the future. He also indicates that greenhouses seemed to have shifted their water use, actually using more in the Spring season rather than during the Summer months. Councillor Wilkinson asks whether UWSS saw this shift coming. The Manager indicates that he had seen some shift, but what is surprising is the peak days are now coming in June, rather than July.

Mayor Rogers asks the Manager why he is using the word “indefinite” in his motion. The manager explains that rather than coming back each year to extend the moratorium this would be a better way, as the moratorium is indefinite until more water can be produced. The Manager further notes that he provides water demand information each month to members of the board so they are still knowledgeable of the flows happening at the WTP. Mayor Rogers feels that it is best to provide an update at the beginning of each year in regard to this issue rather than leave it with the wording “indefinite”.

Deputy Mayor Verbeke asks for clarification on the limit within this moratorium and the manager reminds him this moratorium is for large service application and does not apply to residential. There is a brief discussion around why water systems were built, and it is noted that they were built for residential growth.

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There is a brief mention regarding the use of wells for the greenhouse growers. The Manager notes that if too many wells are dug in this area the MECP will get involved. Several municipal staff chime in regarding the process at the municipal level with regard to wells, water collection and the process for the queue of greenhouse applications.

No. UW-12-23

Moved by: Mayor Rogers

Seconded by: Councillor Dunn

That the report UW/08/23 dated February 10, 2023 re: Extension of Moratorium on Applications for the UWSS Treated Water Allocations is received; And

That the Union Water Supply System Joint Board of Management (UWSS Board) extends the existing moratorium on new requests for treated water allocations from new or existing entities that use more than 50,000 litres per day until such time that additional water treatment capacity is realized for the Union Water Supply System; And

That the Manager provide and update to the UWSS Board during the first quarter of the following calendar year regarding the status of the moratorium.

Carried

Special Closed Meeting of the UWSS Joint Board of Management

No. C-UW-04-23

Moved by: Deputy Mayor Verbeke

Seconded by: Councillor Dunn

That the UWSS Joint Board of Management move into a Special Closed Meeting, pursuant to the Municipal Act Section 239 (2)(e)(f) for the following reason:

Matters for Consideration:

Verbal update Under Municipal Act Section 239 (2)(e)(f) update regarding potential litigation and advice provided by the solicitor for the Union Water Supply System Joint Board of Management.

The UWSS Board consider this verbal report in closed session pursuant to section 239(2) of the Municipal Act, 2001, subsection(s)(e)(f).

Disclosure of Pecuniary Interest and General Nature Thereof

There was none.

The Manager provides a verbal update on a property issue, with legal advice provided by the UWSS Board solicitor present.

No. C-UW-05-23

Moved by: Councillor Patterson

Seconded by: Mayor Rogers

That the Manager and solicitor are provided direction with regard to the property issue.

Carried

No. C-UW-06-23

Moved by: Councillor Patterson

Seconded by: Mayor Rogers

That the UWSS Joint Board of Management move out of closed session and return to its regular meeting.

Carried

Time in Closed session 10:24-10:36**Report on Closed Session**

The Manager reports on the closed session noting that an update Under Municipal Act Section 239 (2)(e)(f) update regarding potential litigation and advice provided by the solicitor for the Union Water Supply System Joint Board of Management.

The UWSS Board considered this verbal report in closed session pursuant to section 239(2) of the Municipal Act, 2001, subsection(s)(e)(f). Also, the Manager was provided direction under solicitor advice to form a resolution of the property issue, which is also to be reviewed by the Chair and the Vice-Chair of the Union Water Supply System Joint Board of Management prior to moving forward.

New Business:

The recording secretary asks members of the UWSS Board their preferences for calendars this year.

There is a brief discussion surrounding a possible tour of the facilities at the Ruthven WTP for those new to the Board, plus a potential workshop to provide some historical references for new members.

There was a brief discussion surrounding the March Board meeting and it was determined to cancel it.

Adjournment:

No. UW-13-23

Moved by: Councillor Patterson

Seconded by: Mayor Rogers

Date of Next Meeting: April 19, 2023, at the Kingsville Arena

/kmj

To: Chair and Members of the Union Water Supply System Joint Board of Management

From: Rodney Bouchard, UWSS General Manager

Date: April 14, 2023

Re: Status Update of UWSS Operations & Maintenance Activities and Capital Works from February 10 to April 14, 2023



Aim:

To inform the UWSS Board about operational and maintenance activities and capital works projects for the Union Water Supply System since the last Board meeting on February 15, 2023.

Discussion:

The UWSS General Manager conducts regular meeting with OCWA Operations staff in regards to on-going operations and maintenance programs for the UWSS facilities. The following provides an update on UWSS operations, regular maintenance and major maintenance and Capital Works at UWSS facilities:

1. A new Pipe::Scan multi-parameter treated water quality monitoring system was installed at Cottam Booster Station on March 9th, 2023. This system provides real-time data for chlorine, turbidity, pH and other water quality parameters and will help maintain high water quality standards.
2. The Dissolved Air Flotation (DAF) #1 inline rapid mixer was noted on March 3rd, 2023 to not be operating properly. The DAF system supplier, Napier-Reid, installed a spare mixer and took the original mixer for further inspection and repair.
3. Low lift transformer maintenance was completed by Eaton Electric on March 7th, 2023. The low lift station was powered by the back-up diesel generator during the maintenance work.
4. Utility Service Corp. was on site from March 6-10 to install and test a new specially manufactured clamp to repair the leak on Clarifier #3 and #4 effluent line. The work was successful and the leak has been addressed. With this repair complete, OCWA operations staff were now able to start process for putting Clarifiers #3 and #4 in service. Clarifier #3 went into service on March 20th and Clarifier #4 went into service on April 3rd, 2023.
5. On March 21st, 2023, it was noted that the DAF #1 recirculation system was not operating at the design rate. UWSS and OCWA operations staff, in consultation with Napier Reid, decided that the DAF system should be taken out of service for inspection once Clarifiers #3 and #4 were returned to service to ensure adequate clarification capacity at the treatment plant to meet demand. DAF #1 was taken out of service and drained on April 11th for cleaning and further inspection. Napier Reid staff were on site on April 13th and 14th to inspect the

Re: UW/09/23 - Status Update of UWSS Operations & Maintenance Activities and Capital Works from February 10 to April 14, 2023

- entire DAF #1 system so to identify and address the issue with the recirculation system with a goal to return DAF#1 to operations by the beginning of May 2023.
6. Evoqua Water Technologies technicians were on-site on April 5th, 2023 to inspect the chlorine gas switch over system. Numerous alarms for vacuum faults had been noted with the system. Evoqua technicians made necessary adjustments and provided recommendations for improvements to the system.
 7. Four new progressive cavity pumps for the powdered activated carbon (PAC) injection system were purchased from John Brooks Company Ltd. The pumps were installed and tested by OCWA maintenance staff during the week of April 11th, 2023. These new pumps are reportedly more reliable and durable than the previous pumps and should reduce maintenance related issues.
 8. UWSS and OCWA staff are working with Aquatic Life, Ltd. to test an in-line spectrophotometer "S-Scan". The 6-month test trial will start the week of April 17th, 2023. This instrument will provide real-time water quality data (e.g. turbidity, total organic carbon, dissolved organic carbon, nitrate, and UV254) from raw water, DAF effluent water and treated water. This data will help support the DAF #1 performance study being led by Associated Engineering.
 9. The Ministry of Environment, Conservation and Parks (MECP) inspection report for the Union Water Supply System was received on March 6th, 2023 with a 100% compliance rating.
 10. The MECP inspection report for the UWSS supplied Municipality of Lakeshore Distribution System was received on April 5th, 2023 with a 100% compliance rating.
 11. The consultant team of C3 Water Inc. and Stantec Consulting is making forward progress with the conceptual design for an emergency water supply sharing solution between UWSS and Windsor Utilities Commission (WUC). A conceptual design report will be issued in early June 2023 for presentation to both UWSS and WUC Boards.
 12. C3 Water Inc. is making forward progress to investigate and identify solutions to the existing Albuna Water tower filling and storage issues. The consultant is evaluating data that is being generated by smart-hydrant monitoring devices that were installed in January 2023 near the water tower. A report is expected in May 2023 with preliminary findings.
 13. Associated Engineering (AE) is making forward progress on the conceptual and indicative design for the new proposed reservoir at the UWSS owned property adjacent the water treatment plant. Both phases of the Subsurface Utility Evaluation (SUE) for the property have been completed. Geotechnical and hydrological investigation at the property is scheduled for the week of April 17th, 2023. MTE Consultants was retained for completion of the geotechnical and

Re: UW/09/23 - Status Update of UWSS Operations & Maintenance Activities and Capital Works from February 10 to April 14, 2023

- hydrogeological field work. Revised options on reservoir sizing, shape and location are anticipated to be received during the week of April 24th.
14. On March 30th, 2023, UWSS received the draft report for the UWSS Infrastructure Needs Study that has been prepared by Associated Engineering (AE). A meeting is scheduled April 14 with the AE project team to review the report findings and recommendations. The final report will be presented to the UWSS Board for review/approval at either the May or June 2023 UWSS Board meeting.
15. UWSS has retained Stantec Consulting for engineering and project management services for the procurement and installation of a new high lift pump (High Lift Pump #7) within the north clear well of the water treatment plant building. A budget of \$300,000 for this work is included in the Board approved 2023 UWSS Capital Budget. A report will be provided to the Board upon completion of pump design/engineering works and development of estimated costs. Target completion date for this work is December 31, 2023.
16. UWSS has retained Stantec Consulting for design, engineering, and project management services for the expansion of the administration section of the Ruthven Water treatment plant. Proposed expansion will include 5 new offices, new bathroom, new large Board room, new small meeting room and an elevator. A budget of \$2 million for this work is included in the Board approved 2023 UWSS Capital Budget. A report will be provided to the Board for review/approval upon completion of detailed design and development of estimated costs. This is a multi-year project with a target completion date of September 1st, 2024.

The first chart shows comparative flows for 2018 through 2022 in Mega Litres (ML) and the second chart shows Millions of Imperial Gallons (MIG) for the period January 1st to April 13th, 2023.

	2019	2020	2021	2022	2023
Flow to Date (ML)	3,627.62	3,886.65	4,644.79	4,401.39	4,810.46
Max Day (ML)	52.22	55.87	63.27	62.97	75.01
Min Day (ML)	20.13	25.44	26.74	27.58	32.48
Average Day (ML)	35.22	37.37	45.10	42.73	46.70
No of Days	103	104	103	103	103

	2019	2020	2021	2022	2023
Flow to Date (MG)	797.98	854.96	1021.73	968.97	1058.17
Max Day (MGD)	11.49	12.29	13.92	13.85	16.50
Min Day (MGD)	4.43	5.60	5.88	6.07	7.14
Average Day (MGD)	7.75	8.22	9.92	9.41	10.27
No of Days	103	104	103	103	103

Re: UW/09/23 - Status Update of UWSS Operations & Maintenance Activities and
Capital Works from February 10 to April 14, 2023

Flows to date are up 409.07 ML (89.2 MIG) or 9.2% from last year. The 2022 flows to date are up 16.2% over the previous 4 year average.

Recommendation:

That this report be received by the UWSS Board for information purposes.

Respectfully submitted,



Rodney Bouchard, General Manager
Union Water Supply System Joint Board of Management
/kmj

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Report

To: Chair and Members of the Union Water Supply System Joint Board of Management

From: Laura Rauch, Director of Finance and Business Services, Municipality of Leamington

Date: March 20, 2023

Re: 2022 Audited Financial Statements



Aim:

To present the draft audited 2022 Audited Financial Statements for the Union Water Supply System (UWSS) to the Joint Board of Management for review and approval.

Background:

The UWSS Audited Financial Statements are prepared annually to comply with accounting and reporting requirements for government entities. The Financial Statements enables the four municipal owners to report their share of UWSS on their municipal financial statements.

The financial statements in the report have been prepared in accordance with Public Sector Accounting Board standards (PSAB), including PSAB section 3150 for tangible capital assets (TCAs).

Discussion:

The Draft 2022 Financial Statements have been prepared by the Municipality of Leamington on behalf of the Joint Board of Management (Board) and audited by the external firm of Hicks, MacPherson, Iatonna and Driedger LLP. The Draft 2022 Financial Statements are attached to this report and will become final upon approval by the Board.

Highlights of the 2022 Financial Statements in relation to prior year results and the amended and approved 2022 Budget are as follows:

Statement of Financial Position

1. Financial Assets have decreased by \$2.0M primarily due to a decrease in cash combined with the investment which matured in 2022 as well as a reduction in accounts receivable to a related party. This overall decrease in financial assets

- is a result of timing of payments received, interest earned on the bank account and the investment that matured and increased capital spending.
2. Financial Liabilities have decreased by \$2.0M due to the long-term debt annual repayments and a reduction of the amounts owing for related party transactions due to the timing of transfers. Throughout the year there was no new debt issuance.
 3. Non-Financial Assets have increased by \$6.2M and includes 2022 capital additions of less disposals and depreciation. The change in inventories (work in progress) relates to the completed work for the Dissolved Air Flotation (DAF) System.
 4. Capital asset purchases in 2022 include the following:
 - a. Dissolved Air Flotation (DAF) System - \$7.4M
 - b. Major Upgrade on Pump and Electrical System - \$218k
 - c. Distribution System Monitoring - \$200k
 5. The 2022 ending balance of the accumulated surplus is \$65.8M under PSAB and has increased by \$6.2M over prior years.

Statement of Financial Activities

1. Wholesale billings were greater than budget expectations by approximately \$262k (1.8%) due to increased consumption.
2. Investment income is favourable to budget by \$236k (57.1%) due to conservative estimates, a consistently strong cash position throughout the year as well as interest rate increases. Timing of expenditures directly impacts the interest earned throughout the year. This investment income includes interest earned on the \$10M GIC at 2.55% that matured in April 2022.
3. Wages and benefits is greater than budget by \$29k (11.2%) resulting from the salary review completed where each position was evaluated based on the 2022 market rate and also modified to the 65th percentile of its market comparators (previously 50th percentile).
4. Rents and services is unfavourable to budget by \$60k (18.5%) due to consulting services incurred related to the restructuring of the new corporation.
5. Electricity and gas were favourable to budget by \$43k (2.9%) due to conservative budgeting as well as utility efficiencies being realized with investments at the plant.
6. Repairs and maintenance expense is \$42k (15.4%) unfavourable to budget. This is related to repairs done on the clarifier as well as costs incurred on the abutting property to the plant.
7. Operational programs and studies were less than budget by \$517k (68.0%). This underspending is due to certain studies that were delayed in 2022 due to other projects. These projects include the New Ruthven WTP Reservoir #3 Study/ Reservoir Optimization; Emergency Redundancy Design Servicing Study with the Windsor Utilities Commission; Leak Detection Study as well as the Back Up Power Generation/Energy Study.
8. OCWA operating contract costs are higher than budget by \$138.5k (3.9%) due to increased chemical costs.

March 20, 2023 - UW/10/23
Re: 2022 Audited Financial Statements

Recommendation:

That the 2022 Financial Statements for the Union Water Supply System Joint Board of Management be approved.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "L. Rauch", is positioned below the text "Respectfully submitted,".

Laura Rauch, CPA, CMA
Director of Finance and Business Services and Treasurer
Municipality of Leamington

Encls.

Union Water Supply System

**Financial Statements
December 31, 2022**

Draft

Union Water Supply System

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Draft

INDEPENDENT AUDITOR'S REPORT

**To the Owners of
Union Water Supply System**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Water Supply System, which comprise:

- the statement of financial position as at December 31, 2022
- the statement of financial activities for the year then ended
- the statement of cash flow for the year then ended
- the statement of change in net assets
- and notes to the financial statements including summary of accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Union Water Supply System as at December 31, 2022, and the results of its financial activities and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing Union Water Supply System's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Union Water Supply System's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Union Water Supply System's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Union Water Supply System to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Union Water Supply System to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Union Water Supply System's audit. We remain solely responsible for our audit opinion.

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

**HICKS, MacPHERSON, IATONNA
& DRIEDGER LLP**

Leamington, Ontario
April 19, 2023

Chartered Professional Accountants
Licensed Public Accountants

Union Water Supply System
Statement of Financial Position
as at December 31

	2022	2021
Assets		
Financial		
Cash (note 3)	\$ 20,551,288	\$ 10,960,659
Long-term investment	-	11,060,436
Accounts receivable (note 4)	1,206,332	1,762,447
Prepaid Expenses	47,216	12,990
	21,804,836	23,796,532
Liabilities		
Accounts payable and accrued liabilities (notes 4 and 10)	3,394,260	3,896,899
Long-term debt (note 5)	7,908,944	9,375,773
	11,303,204	13,272,672
Net Assets	10,501,632	10,523,860
Non Financial Assets		
Inventories (note 6)	89,165	2,412,427
Tangible capital assets (notes 2 and 6)	55,174,494	46,676,913
	55,263,659	49,089,340
Accumulated Surplus (note 9)	\$ 65,765,291	\$ 59,613,200

See accompanying notes to financial statements

Approved by the Board:

Chair _____

Vice Chair _____

Union Water Supply System
Statement of Financial Activities
for the years ended December 31

	2022 Budget (note 11)	2022 Actual	2021 Actual
Revenues			
Wholesale billings (notes 4 and 7)	\$ 14,364,653	\$ 14,626,790	\$ 13,316,113
Investment income (note 8)	413,311	649,458	484,994
Rental income	162,270	160,359	23,483
Other income	2,815	760	1,571
	<u>14,943,049</u>	<u>15,437,367</u>	<u>13,826,161</u>
Expenses			
Wages and benefits (note 10)	258,139	287,049	269,829
Rents and services	324,500	384,520	182,031
Administration fee (note 4)	50,000	50,000	30,000
Property taxes	159,500	157,560	151,727
Electricity and gas	1,381,380	1,352,369	1,312,262
Carbon dioxide	110,000	95,625	23,077
Repairs and maintenance	275,000	317,471	218,787
Operational programs and studies	760,000	243,472	298,146
Amortization (Schedule 1)	1,801,706	1,801,706	1,497,126
OCWA operating contract	3,533,115	3,671,612	3,303,843
Long-term interest expense	922,766	922,766	1,067,891
Loss on sale of tangible capital assets	-	1,126	11,996
	<u>9,576,106</u>	<u>9,285,276</u>	<u>8,366,715</u>
Annual Surplus	5,366,943	6,152,091	5,459,446
Accumulated Surplus, Beginning of Year	59,613,200	59,613,200	54,153,754
Accumulated Surplus, End of Year	<u>\$ 64,980,143</u>	<u>\$ 65,765,291</u>	<u>\$ 59,613,200</u>

See accompanying notes to financial statements

Union Water Supply System

**Statement of Cash Flow
for the years ended December 31**

	2022	2021
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Cash flow from operating activities		
Annual surplus	\$ 6,152,091	\$ 5,459,446
Items not involving cash:		
Amortization of tangible capital assets	1,801,706	1,497,126
Loss on sale of tangible capital assets	1,125	11,996
Decrease (Increase) in accounts receivable	556,115	(461,826)
Increase in prepaid expenses	(34,226)	(2,811)
Increase (Decrease) in accounts payable	(502,639)	2,023,909
	<u>7,974,172</u>	<u>8,527,840</u>
Cash flow from investing activities		
Proceeds on sales of tangible capital assets	-	10,000
Cash used to acquire tangible capital assets	(7,977,150)	(8,418,838)
Decrease (Increase) in long-term investment	11,060,436	(275,028)
	<u>3,083,286</u>	<u>(8,683,866)</u>
Cash flow from financing activities		
Debt repayment (principal only)	(1,466,829)	(1,302,487)
Net Change in Cash for Year	9,590,629	(1,458,513)
Cash, Beginning of Year	10,960,659	12,419,172
Cash, End of Year	<u>\$ 20,551,288</u>	<u>\$ 10,960,659</u>

See accompanying notes to financial statements

Union Water Supply System
Statement of Change in Net Assets
for the years ended December 31

	2022 Budget (note 11)	2022 Actual	2021 Actual
Annual Surplus	\$ 5,366,943	\$ 6,152,091	\$ 5,459,446
Amortization of tangible capital assets	1,801,706	1,801,706	1,497,126
Acquisition of tangible capital assets	(8,340,000)	(7,977,150)	(8,418,838)
Loss on sale of tangible capital assets	-	1,125	11,996
Proceeds on disposal of tangible capital assets	-	-	10,000
Change in Net Assets	(1,171,351)	(22,228)	(1,440,270)
Net Assets, Beginning of Year	10,523,860	10,523,860	11,964,130
Net Assets, End of Year	\$ 9,352,509	\$ 10,501,632	\$ 10,523,860

See accompanying notes to financial statements

Draft

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

1. Description of Reporting Entity

The Union Water Supply System (UWSS) was created, effective January 8, 2001, by Order of the Minister of the Environment pursuant to the Municipal Water and Sewage Transfer Act, 1997. The Order transferred all assets, liabilities, rights and obligations of the Ontario Clean Water Agency in the municipal drinking water treatment and distribution system located in Ruthven to the municipalities of Leamington, Kingsville, Essex and Lakeshore ("member municipalities"). The Order provided for the establishment of a Joint Board of Management to govern the operation and management of the "System". Each owner's representation on the Board is based on its share of the total flows of the system with no municipality receiving more than fifty percent of the total number of members.

The interests of the Municipalities in the System shall be as tenants-in-common, each as to the undivided interest according to their proportional consumption of the total flows of the system. The ownership interests were reset on January 1, 2021 as Leamington - 53.00% (2017 - 50.55%), Kingsville - 38.72% (2017 - 40.33%), Essex - 4.92% (2017 - 5.97%) and Lakeshore - 3.36% (2017 - 3.15%). The ownership interest is to be updated every four years.

2. Summary of Accounting Policies

The financial statements of the Union Water Supply System are the representation of the Joint Board of Management prepared in accordance with Canadian public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of CPA Canada.

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting, with the exception of interest charges on long-term liabilities, which are charged against operations in the periods in which they are paid. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized, as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Liabilities on the statement of financial position represent the outstanding principal portion of long-term liabilities, liabilities not yet due and other future expenses not yet raised by rates on the users.

Use of Estimates

The preparation of financial statements requires management to make estimates that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, carrying value of tangible capital assets, accounts payable and accrued liabilities, including the valuation of post-employment benefits. Actual results could differ from those estimates.

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

2. Summary of Accounting Policies (Cont'd)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful life as follows:

Land	Infinite
Land Improvements	15 years to infinite
Buildings	20 to 50 years
Machinery and Equipment	3 to 50 years
Linear Assets	10 to 90 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value using the half year rule as though they have been received July 1.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories

Inventories consist of work-in-progress measured at cost.

Long-Term Investment

Investment is recorded at fair market value.

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

2. Summary of Accounting Policies (Cont'd)

Future Accounting Changes

Effective for fiscal periods beginning on or after April 1, 2022, all governments will be required to adopt PSAB Section 3450 Financial Instruments, Section 2601 Foreign Currency Translation, Section 3041 Portfolio Investments, Section 1201 Financial Statement Presentation, and Section 3280 Asset Retirement Obligations. These standards provide guidance on how to account for and present financial instruments, asset retirement obligations and foreign currency translation.

Effective for fiscal periods beginning on or after April 1, 2023, all governments will be required to adopt PSAB Section 3400 Revenue. This standard provides guidance on how to account for and present new categories of revenue.

Management is currently in the process of evaluating the potential impact of adopting these standards.

3. Cash

This balance represents a consolidation from the operating fund and the reserve fund as follows:

	2022	2021
Cash		
Operating Fund	\$ 7,695,754	\$ 9,780,756
Reserve Fund	12,855,534	1,179,903
	\$ 20,551,288	\$ 10,960,659

4. Related Party Transactions

The related party balances on account of trade in the Statement of Financial Position are listed below:

	2022	2021
Accounts receivable	\$ 1,192,755	\$ 1,515,450
Accounts payable and accrued liabilities	2,064,953	3,470,687

The accounts receivable amount is the receivables from the four member municipalities for 2022 water flows that have not been received by year end. The accounts payable and accrued liabilities amount is the Due to Leamington balance that arises from Union Water Supply System 2022 purchases that have not been paid by year end.

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

4. Related Party Transactions (Cont'd)

The related party transactions on the Statement of Financial Activities are listed below:

	2022	2021
Wholesale billings revenue (note 7)	\$ 14,626,790	\$ 13,316,113
Administration fee expense	50,000	30,000

Wholesale billings revenue balance is 2022 sales of water flows to the four member municipalities and is detailed in Note 7. Administration fee expense is the fee paid to the Municipality of Leamington for annual bookkeeping services. These transactions are measured at exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

5. Long-Term Debt

As beneficial owners, Leamington, Kingsville, Essex and Lakeshore (collectively "the Municipalities") had become indebted to OCWA for work performed by OCWA in developing the System. The Municipal Water and Sewage Transfer Act provided that the Municipalities to whom the System was transferred were liable for such indebtedness.

In anticipation of the pending transfer order, the Municipalities jointly refinanced the indebtedness to OCWA. A financing agreement for \$18,492,167, dated March 8, 1999, with Sun Life Assurance ("Sun Life"), requires a monthly repayment based on projected flows of the facility for a term ending on December 31, 2026. The effective interest rate is 10.55% per annum.

The Union Water Supply System Joint Board of Management has assumed the responsibility for all payments pertaining to the obligation detailed above.

The balance of long-term debt reported on the Statement of Financial Position is:

	2022	2021
<i>Outstanding principal at the end of the year for:</i>		
Net long-term debt, end of year	\$ 7,908,944	\$ 9,375,773
The estimated future principal payments required in the next four years are as follows:		
2023		\$ 1,649,492
2024		1,852,503
2025		2,078,116
2026		2,328,833
		\$ 7,908,944

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

6. Tangible Capital Assets/Inventories

	Net Book Value	
	2022	2021
Land	\$ 487,382	\$ 487,382
Buildings	20,698,522	20,666,053
Machinery and equipment	17,335,625	9,227,499
Linear assets	16,452,917	16,088,329
Land improvements	200,048	207,650
Total tangible capital assets	55,174,494	46,676,913
Inventories	89,165	2,412,427
	\$ 55,263,659	\$ 49,089,340

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

7. Wholesale Billings Revenue

The member municipalities are invoiced on a monthly basis for their recorded flows.

	Revenues		Flows	
	2022	2021	2022	2021
	\$	\$	m ³	m ³
Municipality of Leamington	\$ 8,196,486	\$ 7,550,388	11,734,409	11,242,389
Town of Kingsville	5,269,946	4,725,824	7,544,661	7,035,664
Town of Essex	656,525	591,433	939,908	880,633
Town of Lakeshore	503,833	448,468	721,308	667,761
	\$ 14,626,790	\$ 13,316,113	20,940,286	19,826,447

8. Investment Income

Investment income includes bank and GIC interest income as follows:

	2022	2021
Bank interest	\$ 562,914	\$ 205,105
Interest on long-term investment - GIC	86,544	279,889
	\$ 649,458	\$ 484,994

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

9. Accumulated Surplus

	2022	2021
Opening Fund Balance		
Funds:		
Operating fund	\$ 7,641,249	\$ 10,683,768
Capital financing reserve fund	12,258,384	11,958,621
Total Fund Balance	19,899,633	22,642,389
Long-term debt obligations	(9,375,773)	(10,678,260)
Tangible capital assets (including inventory)	49,089,340	42,189,624
Accumulated Surplus, beginning of year	59,613,200	54,153,753
Contributions to operating fund	(1,707,730)	(3,042,519)
Contributions to reserve fund	218,674	299,763
Tangible capital assets purchased	7,977,150	8,418,838
Loss on sale of tangible capital assets	(1,126)	(11,996)
Proceeds on sale of tangible capital assets	-	(10,000)
Amortization of tangible capital assets	(1,801,706)	(1,497,126)
Debt repayment	1,466,829	1,302,487
Accumulated Surplus, end of year	\$ 65,765,291	\$ 59,613,200

10. Post Employment Benefits

Post employment benefits are future obligations of UWSS to its employees and retirees for benefits earned but not yet taken. Retiring full time employees hired prior to August 1, 2011 continue to receive paid health and dental benefits and life insurance coverage. All coverage continues for the lifetime of the retiree and spouse. In accordance with public sector accounting standards, the projected unit credit actuarial cost method has been used to determine the future cost of these benefits at the end of the year. The most recent actuarial valuation is dated February 4, 2021 and is effective December 31, 2020. Assumptions used are as follows:

- (a) a discount factor of 2.40% was used;
- (b) an increase of 6.3% for health in 2022 (2021 - 6.42%), linearly decreased to an ultimate rate of 4% in 2041, and an annual increase of 4% for dental benefits was used;
- (c) an employee will retire when they meet the criteria for an unreduced pension from OMERS, but not later than 65; and
- (d) all employees will remain employed by UWSS until retirement.

The liability, based on the above assumptions, at year-end is \$239,700 (2021 - \$205,400) and is included in accounts payable and accrued liabilities. An additional expense of \$34,300 (2021 - \$33,100) is reported in the Statement of Financial Activities and is reflected in wages and benefits.

Union Water Supply System
Notes to the Financial Statements
for the years ended December 31

11. Budget Figures

The 2022 Budget approved by the UWSS Board on December 15, 2021 was prepared on a modified cash basis. This budget was revised on June 15, 2022 and September 21, 2022. The budget has been restated and is reported on a full accrual basis, in accordance with PSAB reporting requirements, in relation to the actual results in these financial statements.

The following summary outlines adjustments made to the approved budget (modified cash basis) to derive the restated based budget (full accrual basis) as presented in the financial statements:

	2022
Financial Plan (Budget) deficit for the year	\$ (2,638,180)
Add:	
Accumulated surplus, beginning of the year	59,613,200
Principal payments on long term debt	1,466,829
Capital expenditures reallocated to tangible capital assets	8,340,000
Less:	
Amortization expense on tangible capital assets	(1,801,706)
Budget Surplus per Statement of Financial Operations	\$ 64,980,143

12. Contingency - Liability Valuation

The Sun Life long-term debt obligation requires a monthly repayment based on projected flows of the facility over the term of the agreement ending on December 31, 2026. The annual valuation of the remaining obligation has been based on the present value of the remaining payment stream according to the cancellation provisions of the financing agreement.

In order to reflect the obligation in a manner similar to a traditional serial debt instrument, an amortization schedule allocating the required monthly payment stream between principal and interest has been created utilizing an effective monthly interest rate, as adopted in fiscal 2005 for the reporting of the remaining obligation.

13. Subsequent Events

On February 24, 2023, Union Water Supply System incorporated as a separate legal entity. Union Water Supply System will be restructured to become a municipal services corporation and all assets will be transferred to Union Water Supply System Inc. later in 2023.

14. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Union Water Supply System
Schedule of Tangible Capital Assets - Schedule 1
as at December 31

	Infrastructure						Totals	
	Land	Land Improvements	Buildings	Machinery & Equipment	Linear Assets	Inventories	2022	2021
Cost								
Balance, beginning of year	\$ 487,382	\$ 239,114	\$ 32,822,981	\$ 14,724,968	\$ 26,243,193	\$ 2,412,427	\$ 76,930,065	\$ 68,691,563
Add: New acquisitions during the year	-	-	739,826	7,287,121	772,776	75,821	8,875,544	4,479,373
Add: Additions during the year	-	-	-	1,500,690	-	7,377,534	8,878,224	5,929,296
Less: Disposals during the year	-	-	-	(2,814)	-	(9,776,617)	(9,779,431)	(2,170,167)
Balance, end of year	487,382	239,114	33,562,807	23,509,965	27,015,969	89,165	84,904,402	76,930,065
Accumulated Amortization								
Balance, beginning of year	-	31,464	12,156,928	5,497,469	10,154,864	-	27,840,725	26,501,939
Add: Amortization	-	7,602	707,357	678,559	408,188	-	1,801,706	1,497,127
Less: Accumulated amortization on disposals	-	-	-	(1,688)	-	-	(1,688)	(158,341)
Balance, end of year	-	39,066	12,864,285	6,174,340	10,563,052	-	29,640,743	27,840,725
Net Book Value of Tangible Capital Assets Including Inventories	\$ 487,382	\$ 200,048	\$ 20,698,522	\$ 17,335,625	\$ 16,452,917	\$ 89,165	\$ 55,263,659	\$ 49,089,340

See accompanying notes to financial statements

Report

To: Chair and Members of the Union Water
Supply System Joint Board of Management



From: Rodney Bouchard, Union Water Manager

Date: April 13, 2023

Re: Upgrade of 300mm Common Asset Watermain - Victoria
Avenue, Essex Centre

Recommendation:

That the Union Water Supply System (UWSS) Board approves a budget of \$372,000 from the UWSS Reserves for replacement of the UWSS 300mm AC water main along Victoria Avenue from Talbot Street to Alice Street and from Thomas Street to Day Street in Essex Centre;

That the UWSS Board recognizes that the water main replacement will be completed by the contractor retained by the Town of Essex for the Essex Streetscape Improvements and that UWSS will reimburse the Town of Essex for actual costs incurred for the common asset water main replacement work;

And that the UWSS Board grants delegated authority to the UWSS General Manager to act on behalf of the Board in regards to this common asset water main replacement work to ensure timely completion of the work.

Background:

UWSS manages a series of Common Asset Watermains that are located within Essex Centre. These Common Asset watermains deliver treated water from the UWSS' Ruthven Water Treatment Plant to the Essex Water Tower, which is then distributed to end-users via the Town of Essex water distribution system. Most of the Common Asset watermains in Essex Centre were installed in late 1950's and early 1960's.

The UWSS General Manager was contacted by the Town of Essex Director of Infrastructure Services, Kevin Girard, in August 2022 in regards to the Downtown Essex Centre Streetscaping project. Mr. Girard indicated that the project would include replacement of Essex's 150mm distribution watermain along Victoria Avenue from Talbot Street to Alice Street and from Thomas Street to Day Street. Mr. Girard was inquiring whether UWSS would be interested in replacing the existing 300mm Common Asset watermain that runs in that area as part of this project.

April 13, 2023- UW/11/23

Re: Upgrade of 300mm Common Asset Watermain - Victoria Avenue, Essex Centre

A review of the available records indicate that this section of the Common Asset Watermain consists of a 300mm Asbestos Cement watermain that was constructed in 1962. Due to the age of this common asset water main, there is an increased potential for failure of the pipe. Further, considering that the road would be reconstructed/resurfaced as part of the Essex Streetscaping project, minimizing the potential for watermain breaks would be a benefit. The UWSS General Manager agreed with Mr. Girard that replacement of the UWSS common asset watermain as part of this project would be prudent and should be included as a provisional item in the project tender.

Discussion:

The UWSS General Manager was informed by Mr. Girard on October 18, 2022 that the Essex Streetscaping project tender had closed. Replacement of the 300mm UWSS Common Asset Watermain along Victoria Avenue was included in the tender as a provisional item. This would include replacement of the approximately 150 meters of existing 300mm AC water main with 300mm PVC water main.

The UWSS General Manager was informed on March 13, 2023 that The Town of Essex had contracted Stantec Consulting Ltd. for engineering and project management, and J & J Lepera Infrastructure Inc. for the construction of the Essex Streetscape project. Costs associated with UWSS 300mm common asset water main replacement was identified at \$296,977.17 plus HST. If approved by the UWSS Board, the common asset watermain replacement work would be conducted as part of the Essex Streetscape project and UWSS would reimburse the Town of Essex for costs associated with this work.

Based on the age of the of the UWSS common asset water main, the UWSS General Manager thinks it would be prudent to upgrade the water main to PVC. This would minimize the increased potential for breaks associated with a 60+ year old pipe. Further, it would be wise to take advantage of the cost savings that would be realized from doing this work as part of the Essex Streetscape improvements. Expected future replacement of this common asset water main, whether in 5 years or 10 years, would be more costly due to inflationary increases for material and also because UWSS would need to pay for reconstructing/resurfacing the road surface. It would also result in additional disruption to residents.

Financial Impact:

The tender results for the Town of Essex's Streetscape project has identified a cost of \$296,977.17 plus HST to UWSS for replacement of 150 meters of 300mm common asset water main along Victoria Avenue in Essex Center. This cost includes engineering and construction services. This amount does not include any contingency costs. The UWSS General Manager recommends that a contingency in the amount of \$75,000 be included in the budget for any unforeseen construction issues or engineering requirements associated with the work. A total budget of \$372,000 is recommended for completion of this work.

April 13, 2023- UW/11/23

Re: Upgrade of 300mm Common Asset Watermain - Victoria Avenue, Essex Centre

The UWSS has sufficient funds available in UWSS Reserves to undertake this work.

Respectfully submitted,



Rodney Bouchard, General Manager
Union Water Supply System Joint Board of Management

rb/kmj

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