



Corporation of the Municipality of Temagami

Memo No.
2020-M-075

Memorandum to Council

Subject:	OCWA Capital List
Agenda Date:	July 16, 2020
Attachments:	Capital Letter – December 2, 2019

RECOMMENDATION

BE IT RESOLVED THAT Council reply to OCWA's capital letter noting that the second treatment train at the south water plant is beyond the means of the municipality and highlight the projects included in this year's budget;

AND FURTHER THAT Staff be directed to provide approvals as appropriate for the smaller amount items;

AND FURTHER THAT Staff be directed to proceed with the work necessary to bring a more wholesome report for Council's considerations regarding the acquisition of debt for the UV Filtration System, repairs to the water towers and other higher value items.

INFORMATION

Annually, OCWA provides recommendations regarding capital repairs to our water and wastewater systems. The letter for 2020 is attached to this report for your reference.

We were holding off in assessing some of the requests while we waited on word from our ICIP Green funding which would have tended to most things in the south water system. As reported last meeting, we were not successful in this application.

It should be pointed out that many years in the past, the notation of "waiting approval" was standard throughout the capital requests that had been made. While there are some items that exceed our ability, noting this would provide the information to the MECP which would provide them a better insight into some of our woes as well as identifying that Council is acting where possible.

While many items on the list are beyond our ability, especially if these were to be paid through user rates, it is important to review the comments and plan for the future. Included in our rates is an amount to be set aside for future capital and often this is used to cover smaller costs.

Operationally, other than in the south for reasons noted above, anything under \$5,000 has been given the approval to proceed.

There are also surprises that happen. As an example, in the last few weeks we had a flow meter in the south malfunction and the cost to repair the flow meter, the PLC card and the signal isolator amounted to \$9,500. This was not on the list developed in December but is required for water operation.

While we are in the middle of our agreement with OCWA for the management of our water and wastewater systems, it may be a consideration that many items on the list noted as 'annual service' be added to the work that is included in the agreement. This would ensure that the plant is getting regular servicing which could promote longevity.

Recommendations for the 2020 list.

Item beyond the ability of the Municipality

1. Back up water plan – Temagami South

At an estimated cost of \$1.25 million, in the absence of any support from other levels of government it is not possible to complete this project with around 350 users. Without having a back-up treatment system it is important that repairs to the tower be considered as this would provide supply should there be a plant failure. (\$1,250,000)

Item not approved

1. Lagoon electrical building repair – Temagami North

In the near future there will be the addition of the UV filtration to the lagoon at Temagami North. This project will change the energy requirements at this site. The construction of an electrical building could be put on hold until then. (\$75,000)

Items that would be approved and funded by debt acquisition

1. UV Filtration System – Temagami North

While not on OCWA's 2020 list, the amended ECA that was approved by the Ministry on April 30, 2020, requires us to have this system operational by April 2025. Presently, work is being completed to get this project ready for tender. (\$750,000)

2. Water Tower Repairs – North and South

As was presented at the last meeting, there was an inspection for both water towers completed in the fall of 2019. Both towers require work to reduce the amount of rust showing and update safety equipment. As well, there is a leak in the south tower that was not found in the inspection last year that would need to be located and found. (\$810,000)

3. Other large dollar amount

Included in this are the chlorination system, turbidity meters, waste pit miltronics control, radio control at Temagami Shores. These projects total \$91,500.

This would bring the total debt supported projects to about \$1,650,000. Based on the interest rates supplied by Infrastructure Ontario, the annual payments for this would be approximately \$180,000 annually if financed over 10 years at 1.65% or \$127,000 if financed over 15 years at 1.91%. Based on this, the water and wastewater rates would increase by \$500 or \$360 (depending on the financing option) for the period the loan is paid back. Council could also determine that a portion of this would be covered by other municipal revenues which would result in the need to increase taxation remembering that for every \$40,000 (approx.) covered through the tax levy would result in a 1% increase in municipal taxation.

Based on Council's response to this report, work could start to apply for long term debt. This would include comparing rates between Infrastructure Ontario and our Bank, receiving the application form and providing a more detailed financing report at the next meeting of Council. As for the importance, we must complete the UV filtration project within 5 years and while the tower work could wait, as was noted in the presentation, the longer we wait the more costly the project will be and the risk of larger price repairs being required increases.

Other Items on the list

The larger of the items on the list relate to desludging and repairing the aeration lines at the North lagoon. This has been included in the budget funded by a portion of our modernization funds. Items under \$5,000 could be approved and the remaining items could be approved this year or next, depending on the state of our capital funds for the waterworks system.

Respectfully Submitted:
Craig Davidson
Treasurer/Administrator