

Agenda

Elgin Area Primary Water Supply System Joint Board of Management

3rd Meeting of the Lake Huron Primary Water Supply System Joint Board of Management

June 3, 2021, 5:00 PM

2021 Virtual Meeting - during the COVID-19 Emergency

	Pages
1. Call to Order	
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4. Items for Discussion

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5. Deferred Matters / Additional Business

6. Confidential

6.1. Position, Plan, Procedure, Criteria or Instruction for Negotiation Purposes

A matter pertaining to a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board related to the Service Agreement between the Ontario Clean Water Agency and the Lake Huron Primary Water Supply System.

7. Upcoming Meeting Dates

October 7, 2021

December 2, 2021

8. Adjournment

Elgin Area Primary Water Supply System

Minutes

2nd Meeting of the Lake Huron Primary Water Supply System Joint Board of Management
March 4, 2021

Attendance: Meeting held remotely on Thursday, March 4, 2021, commencing at 5:00 PM.

PRESENT: P. Barbour (Chair), D. Crevits, S. Hillier, R. Monteith, E. Pelosa, S. Peters M. van Holst and S. Wookey and J. Bunn (Committee Clerk)

ALSO PRESENT: A. Drouillard, A. Henry and K. Scherr

1. Call to Order

1.1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

2 Adoption of Minutes

2.2. Minutes of the 1st Meeting held on Thursday, December 3, 2020

PETERS AND HILLIER

That the minutes of the 1st meeting of the Elgin Area Primary Water Supply System Joint Board of Management, from the meeting held on December 3, 2020, **BE NOTED AND FILED. CARRIED**

Motion Passed

3. Consent Items

3.1. Quarterly Compliance Report (4th Quarter 2020: October - December)

WOOKEY AND VAN HOLST

That, on the recommendation of the Chief Administrative Officer, the report dated March 4, 2021, with respect to the general, regulatory and contractual

obligations of the Elgin Area Primary Water Supply System, for October to December 2020, **BE RECEIVED. CARRIED**

Motion Passed

3.2. Environmental Management System and Quality Management System

WOOKEY AND VAN HOLST

That, on the recommendation of the Chief Administrative Officer, the report dated March 4, 2021, with respect to the Environmental Management System and Quality Management System for the Elgin Area Primary Water Supply System, **BE RECEIVED. CARRIED**

Motion Passed

3.3. Quarterly Operating Financial Status Report - 4th Quarter 2020

WOOKEY AND VAN HOLST

That, on the recommendation of the Chief Administrative Officer, the report dated March 4, 2021, with respect to the Quarterly Operating Financial Status of the Elgin Area Water Supply System, **BE RECEIVED. CARRIED**

Motion Passed

3.4. Capital Status Report

WOOKEY AND VAN HOLST

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated March 4, 2021 related to the Elgin Area Primary Water Supply System Capital Projects:

- a) the above-noted report **BE RECEIVED**;
- b) project EA3019 UV Replacement Study **BE CLOSED**, with the surplus funds in the approximate amount of \$5,702 being released to the Board's Capital Reserve Fund; and,
- c) projects EA3015 Sodium Hydroxide Pump Replacement and EA4178 UVT Analyzer **BE CLOSED**, with additional funds in the approximate amount of \$5,521 being drawn from the Board's Reserve Funds. **CARRIED**

Motion Passed

3.5. Asset Management - Roadmap and Plan Update

WOOKEY AND VAN HOLST

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated March 4, 2021, related to the Asset Management Roadmap and the Asset Management Plan Update for the Elgin Area Primary Water Supply System:

a) the Chief Administrative Officer **BE DELEGATED** authority to administratively-award a consulting services assignment, following a public procurement process which complies with the Procurement Bylaw, for the completion of the Asset Management Plan Update, provided the proposal from the successful proponent meets the Request for Proposal terms and conditions and is within the budget previously approved by the Board;

b) the Chair and the Chief Administrative Officer **BE AUTHORIZED** to execute a consulting services agreement with the successful consulting firm for the completion of the Asset Management Plan Update, subject to the above-noted delegation of authority; and,

c) the above-noted report **BE RECEIVED. CARRIED**

Motion Passed

3.6. Ministry of the Environment, Conservation and Parks Inspection Report

WOOKEY AND VAN HOLST

That, on the recommendation of the Chief Administrative Officer, the report dated March 4, 2021, with respect to the Ministry of the Environment, Conservation and Parks Annual Inspection, **BE RECEIVED. CARRIED**

Motion Passed

4. Items for Discussion

4.1. Operations and Maintenance Services Agreement - Negotiation of Term Extension

VAN HOLST AND HILLIER

That, on the recommendation of the Chief Administrative Officer, the Director of Regional Water **BE AUTHORIZED** to negotiate the terms and conditions for a draft term extension agreement with the Ontario Clean Water Agency for a five-year period, allowable under the current Operations and Maintenance Services Agreement. **CARRIED**

Motion Passed

4.2. Member Appointment By-law No. 1.3 Amendment

That, on the recommendation of the Chief Administrative Officer, the bylaw, as appended to the report dated March 4, 2021, with respect to the appointment of Members and Alternate Members to the Joint Board of Management for the Elgin Area Primary Water Supply System, **BE INTRODUCED and BE APPROVED. CARRIED**

Motion Passed

Voting Record:

PELOZA AND VAN HOLST

That Introduction and First Reading of By-law No. 1.3 (amended) BE APPROVED.

Motion Passed

PETERS AND CREVITS

That Second Reading of By-law No. 1.3 (amended) BE APPROVED.

Motion Passed

WOOKEY AND PELOZA

That Third Reading and Enactment of By-law No. 1.3 (amended) BE APPROVED.

Motion Passed

5. Deferred Matters/Additional Business

None.

6. Next Meeting Date

June 3, 2021

7. Adjournment

The meeting adjourned at 5:22 PM.

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Quarterly Compliance Report (1st Quarter 2021: January - March)

RECOMMENDATION

That the Quarterly Compliance report with respect to the general, regulatory and contractual obligations of the Elgin Area Primary Water Supply System **BE RECEIVED** for the information of the Board of Management; it being noted that there were no Adverse Water Quality Incidents reported in the 1st quarter of 2021.

EXECUTIVE SUMMARY

Since the previous report to the Board, there are no new regulatory changes that may significantly impact the Elgin Area Primary Water Supply System (EAPWSS).

The [Water Quality Quarterly Report](#) for the period of January 1 – March 31, 2021 has been posted on the water system's website for public information.

There were no Adverse Water Quality Incidents (AWQI) reported by the operating authority or adverse laboratory results reported by the third-party accredited laboratory during this quarter.

BACKGROUND

Pursuant to Board of Management resolution, this Compliance Report is prepared on a quarterly basis to report on general, regulatory and contractual compliance issues relating to the regional water system. For clarity, the content of this report is presented in two basic areas, namely regulatory and contractual, and does not intend to portray an order of importance or sensitivity nor a complete list of all applicable regulatory and contractual obligations.

DISCUSSION

Regulatory Issues

Recent Regulatory Changes: At the time of drafting this report, there are no new regulatory changes for this reporting period which may significantly impact the EAPWSS.

New Environmental Registry of Ontario (ERO) Postings: At the time of drafting this report, there were no postings on the ERO that may have a significant impact on the EAPWSS.



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Quarterly Water Quality Reports: The [Water Quality Quarterly Report](#) for the period of January 1 – March 31, 2021 was completed by the operating authority, and is posted on the Water Systems' website for public information.

Note: In order to better comply with the *Accessibility for Ontarians with Disabilities Act, 2005*, the detailed tables of water quality test results which were previously appended to this Report have been removed. The full list and test results of drinking water quality parameters is posted on the water system's website and available in print at the Board's Administration Office in London upon request. In addition, the detailed water quality information is also published within the water system's Annual Report required by O.Reg. 170/03 under the *Safe Drinking Water Act*.

Adverse Water Quality Incidents (AWQI): There were no AWQI reported by the operating authority or adverse laboratory results reported by the third-party accredited laboratory during this quarter.

O.Reg. 170/03, Section 11 "Annual Reports": Under the Drinking Water Systems Regulation (O.Reg. 170/03), an Annual Report for the EAPWSS is required to be prepared by February 28th of each year. The 2020 Annual Report summarized water quality and maintenance information for the calendar year. This report was completed by Ontario Clean Water Agency (OCWA), the contracted operating authority for the EAPWSS. Although the report is no longer required to be submitted to the Ministry of the Environment, Conservation and Parks (MECP), the EAPWSS is required to provide copies of the report to drinking water systems that obtain water from this system. The 2020 Annual Report was forwarded to the member municipalities on February 12, 2021. The [2020 Annual Report](#) has been posted on the Water Systems' website for public information.

O.Reg. 170/03, Section 22 "Summary Reports for Municipalities": Under the Drinking Water Systems Regulation (O.Reg. 170/03) a summary report is required by March 31st of each year which:

- Lists the requirements of the Act, the regulations, the system's approval and any order that the system failed to meet at any time during the period covered by the report, and the duration of the failure. For each failure referred to, a description of the measures that were taken to correct the failure is required.
- In order to allow the system's owner to "assess the capability of the system to meet existing and planned uses of the system", provide a summary of the quantities and flow rates of the water supplied, including monthly average and maximum daily flows and daily instantaneous peak flow rates, with a comparison to the systems rated capacity.

This report was also completed by OCWA. The 2020 Compliance Report (Summary Report for Municipalities) was forwarded to the Board members and member municipalities of the EAPWSS as required on March 19, 2021. The [2020 Compliance Report](#) has been posted on the Water Systems' website for public information. All Compliance Reports are available for viewing at the Lake Huron Water Treatment Plant and at the Board's Administration Office in



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London. Copies of all reports are available to the public upon request and free of charge as required by O.Reg. 170/03.

Compliance Inspections: There were no compliance inspections conducted during this quarter.

Contractual Issues

ARTICLE 3, “Operation and Maintenance of the Facilities – General”:

Board staff informally meets with OCWA on a monthly basis to discuss operations and maintenance related issues, and formally on a quarterly basis to review contractual performance. The 2021 first quarter Contract Report was received from OCWA on April 30, 2021 and was scheduled to be discussed at the quarterly administration meeting between Board staff and OCWA on May 13, 2021. Copies of the monthly Operations and Maintenance Reports, or quarterly Contract Reports are available at the Board’s Administration Office in London upon request.

Prepared by: Erin McLeod, Quality Assurance & Compliance Manager

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Environmental Management System and Quality Management System

RECOMMENDATION

That the following report with respect to the Environmental Management System and Quality Management System for the Elgin Area Primary Water Supply System **BE RECEIVED** for information.

BACKGROUND

Environmental Management System (EMS)

The Elgin Area Primary Water Supply System (EAPWSS) has an Environmental Management System (EMS) which has been registered to the ISO 14001 standard since 2003. The EAPWSS underwent a three-year registration audit in October 2020 and was recommended for registration to the ISO 14001:2015 standard for a three-year period (ending in 2023).

The continued utilization and registration of the EMS to the ISO 14001 standard is a requirement of the Service Agreement with Ontario Clean Water Agency (OCWA), the contracted Operating Authority for the EAPWSS.

Quality Management System (QMS)

In 2006, the Drinking Water Quality Management Standard (DWQMS) was integrated with the existing EMS and the combined EMS/QMS is maintained by the contracted Operating Authority. The *Safe Drinking Water Act* (SDWA) and the water system's Municipal Drinking Water License (MDWL) require that an accredited Operating Authority be in operational charge of the drinking water system. In order to become accredited, the Operating Authority must utilize and maintain an Operational Plan that meets the requirements of the DWQMS and must undergo an external accreditation audit.

OCWA received full scope DWQMS re-accreditation in October 2019 and is currently accredited for the three-year period ending in 2022.

DISCUSSION

Management Review

The documented EMS/QMS and its performance requires Management Review by Top Management a minimum of once every calendar year to ensure that the management team of the Board and the Operating Authority stay informed of environmental and quality related issues. Items discussed at the Management Review meetings include, but are not limited to, water quality test results, environmental and quality performance, legislative changes, identified non-conformances, corrective and preventive actions, staff suggestions, changing circumstances and business strategies, and resource requirements. Corrective and preventive actions include not only those to address non-conformance issues and opportunities for improvement identified as part of internal and external audits, but also non-compliance issues identified by the Ministry of the Environment, Conservation and Parks (MECP), suggestions from staff, and opportunities for improvement identified during the Management Review process.

In order to carry out more effective Management Review meetings, the Board's administration has opted to conduct shorter meetings at more frequent intervals. Although each required Management Review input may not be covered at every meeting, over the course of the year all required inputs are reviewed at least once. Management Review meetings are held in a combined format for both the EAPWSS and the Lake Huron Primary Water Supply System (LHPWSS).

A Management Review meeting was held on March 22, 2021. The meeting minutes are attached to this report as [Appendix A](#) for the information of the Board.

Internal Audits

Pursuant to the international ISO 14001 EMS standard and the provincial DWQMS standard, periodic "internal" audits are performed by the Board's administration to ensure continued compliance with legislated, contractual, and other requirements, as well as conformance with the ISO 14001 EMS standard and DWQMS standard. Internal audits also ensure that the ongoing operation of the EAPWSS conforms to the EMS and QMS as implemented. As required by the standards, internal audits are performed a minimum of once every calendar year.

One (1) EMS Audit and one (1) Environmental Compliance Audit were conducted during this reporting period. The EMS internal audit was conducted April 13-16, 2021 and a summary of this audit's findings is included in [Appendix B](#) of this report (full report is available on request). One (1) non-conformance and three (3) opportunities for improvement were identified during the audit. The Environmental Compliance audit was conducted March 24-26, 2021 and a summary of this audit's findings is included in [Appendix C](#) of this report (full report is available



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on request). No non-compliances or opportunities for improvement were identified during the audit. The audit findings will be discussed at the next Management Review meeting.

External Audits

Annual surveillance audits (third-party external audits) are conducted for both the EMS and QMS, with a recertification audit taking place every third year. The external registrar for both the EMS and QMS is currently SAI Global. External audits review all aspects of the EMS or QMS, including the scope and results of internal audits, subsequent management reviews, and corrective action processes.

There were no external audits conducted during this reporting period.

Corrective and Preventive Actions

For the EMS/QMS to be effective on an on-going basis, an organization must have a systematic method for identifying actual and potential non-conformities, making corrections and taking corrective and preventive actions, preferably preventing problems before they occur. The Internal Audit process and Management Review are the two main drivers for proactively identifying potential problems and opportunities for improvement for the EAPWSS and implementing corrective actions. Preventive actions may originate from identified opportunities for improvement as part of an audit, but also staff suggestions and discussions with management.

It is important to note that action items should not be construed as **compliance failures**, but rather an action to be undertaken which will improve the EAPWSS's overall performance.

Action items are the result of the "Plan-Do-Check-Act" continual improvement process. The identification of action items is a critical component of continual improvement and an essential element of management systems. The identification of action items should be seen as a positive element, as this drives continual improvement.

A key concept of Plan-Do-Check-Act is that it does not require nor expect 100% conformance, but promotes an environment of continual improvement by identifying shortfalls, implementing corrective and preventive measures, and setting objectives and targets for improvement. Figure 1 outlines the general process.

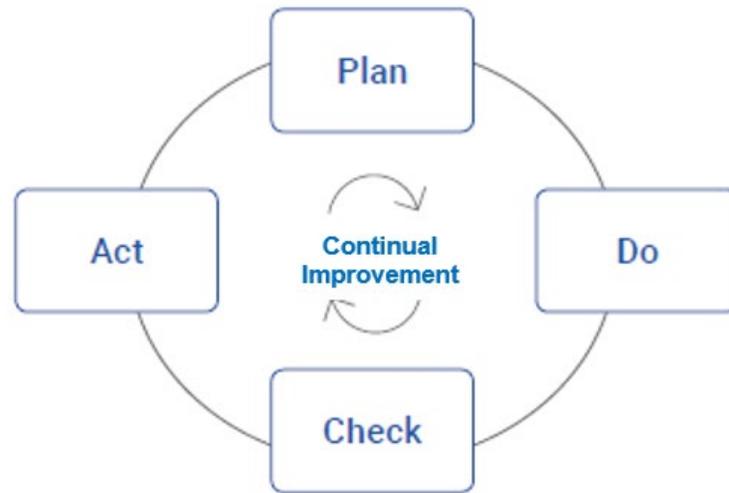


Figure 1: Plan-Do-Check-Act improvement process

Since the last report to the Board, the following summarizes new action items that have been added to the EMS/QMS action item tracking system:

- Five (5) new action items were added as a result of the corrective action process for a regulatory exceedance of total chlorine residual that occurred during a plant drain maintenance flushing event.
- Five (5) new action items were added as a result of Environmental Compliance Audits performed in November & December 2020.
- One (1) new action item was added as a result of the corrective action process for a filter overflow event that occurred in March 2020.
- Three (3) new action items were added as a result of Emergency Contingency Plan Reviews that took place in December 2020.

As of April 28, 2021, there are currently eighteen (18) open action items in the system. Action items are prioritized and addressed using a risk-based approach, and deadlines established given reasonable timeframes and resources that are available. Board staff are pleased with the performance of the corrective and preventive action process and have no concerns with the number of open action items.



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CONCLUSION

The Internal Audits and frequent Management Review meetings continue to effectively identify system deficiencies. The EMS/QMS for the EAPWSS continues to be suitable, adequate and effective. Activities by OCWA continue to address the need for change, and the management systems are being revised and refined as required.

Prepared by: Erin McLeod, Quality Assurance & Compliance Manager, with the assistance of Christine Jansen, Compliance Coordinator

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: [Appendix A](#) – Management Review Meeting Minutes (March 22, 2021)
[Appendix B](#) – Environmental Management System Audit Summary Report (April 13-16, 2021)
[Appendix C](#) – Environmental Compliance Audit Summary Report (March 24-26, 2021)

APPENDIX A: MANAGEMENT REVIEW MEETING MINUTES (MARCH 22, 2021)

Lake Huron & Elgin Area Primary Water Supply Systems EMS/QMS Management Review

Date: March 22, 2021
Time: 1:00pm
Location: Virtual – Microsoft Teams
Attendees: Andrew Henry (RWS), Erin McLeod (RWS), Christine Jansen (RWS), Blair Tully (OCWA), Denny Rodrigues(OCWA), Simon Flanagan (OCWA), Greg Henderson(OCWA)
Regrets: Randy Lieber (OCWA)

N.B.: Management Review meetings are held in a combined format for both the Lake Huron Primary Water Supply System (LHPWSS) and the Elgin Area Primary Water Supply System (EAPWSS).

-----Meeting Notes-----

1. Review and Approval of previous minutes (December 1,2020)

Minutes from the previous meeting are posted to SharePoint. Minutes were reviewed and approved.

2. Results of Board Meetings (LHPWSS & EAPWSS)

There were two meetings each for the Elgin Joint Board of Management (EJBOM) and the Huron Joint Board of Management (HJBOM) since the last Management Review Meeting. Board meetings took place on December 3, 2020 and on March 4, 2021.

At the December 3, 2020 meetings, there were no specific questions or comments from either Board regarding the EMS/QMS or Quarterly Compliance reports presented. The reports were received for information.

At the March 4, 2021 meetings the EMS/QMS, Quarterly Compliance, and MEC Inspection Reports were all received for information.

There was one comment from HJBOM and one question from the EJBOM regarding the EMS/QMS Reports.

The HJBOM comment was concerning the wording of the audit scope in the report. This was discussed at Management Review, and as it is standard wording for all types of audits, the wording will remain unchanged.

The EJBOM question was specific to a regulatory change included as part of the EMS/QMS Board Report. At Management Review, the benefits and drawbacks of including this type of detailed information in future Board reports was discussed. It was determined that this

information will be kept in future reports to the Boards as it may be beneficial for the member municipalities.

3. 2020-2021 MECP Inspection Reports (LHPWSS & EAPWSS)

Both LHPWSS and EAPWSS received their 2020-2021 MECP Inspection Reports.

Final inspection ratings for each system were 100%.

OCWA provided an update that all three secondary systems that are part of the EMPS also received 100% inspection ratings.

4. Compliance Audits

a) EAPWSS – Nov. 23 & Dec. 2, 2020

There were three Opportunities for Improvement (OFI) identified during this internal audit. The OFIs were related to ozone depleting substances regulations. The OFIs were discussed, and action items were finalized to address them.

b) EAPWSS – Dec. 9-14, 2020

There were two non-compliances (NC) identified during this internal audit. One of the NCs was related to WHMIS regulations and one of the NCs was related to boiler & pressure vessel regulations.

The NCs were discussed, and action items were finalized to address them.

c) LHPWSS – Nov. 23-24, 2020

There were three OFIs and one NC identified during this internal audit. The NC was related to the handling of one waste manifest for disposal of hazardous waste. The OFIs were related to ozone depleting substances. The NCs and OFIs were discussed, and action items were finalized to address them.

d) LHPWSS – Dec. 10-14, 2020

There were two NCs identified during this internal audit.

The NCs were related to boiler & pressure vessel regulations.

The NCs were discussed, and action items were finalized to address them.

5. Compliance Obligations Update

Proposed Guidance Technical Document for Waterborne Pathogens

Source: Health Canada

Date Posted/Notice Received: December 8, 2020 (email)

Comments Due: February 3, 2021

Summary:

The intent of this document is to provide stakeholders with guidance on waterborne pathogens of human health concern that are not addressed in the *Guidelines for Canadian Drinking Water Quality*, with the objective of minimizing public health risks in Canadian water



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systems.

The document provides a description of the pathogens, their health effects, how they are transmitted and best practices to ensure safe drinking water. The document states that setting Maximum Acceptable Concentrations (MACs) for the pathogens described remains impractical and is unnecessary in order for drinking water utilities to adequately manage risks. Implementing a source-to-tap approach is a universally recommended strategy for reducing the concentration of waterborne pathogens in drinking water and controlling their potential risks. Important elements of this strategy include source water protection, treatment and disinfection requirements based on health-based treatment goals for enteric protozoa (Giardia and Cryptosporidium) and enteric viruses, and managing microorganism survival and growth in drinking water distribution systems.

Potential impacts: None - guidance only.

Proposed updates to the Director's Directions - Minimum Requirements for Operational Plans

Source: Ministry of the Environment, Conservation and Parks (MECP)

Date Posted/Notice Received: December 11, 2020

Comments Due: January 25, 2021

Summary: MECP is proposing administrative updates to the minimum requirements for operational plans. The administrative updates are intended to reflect current practice in municipal residential drinking water systems and improvements in technology that have occurred since the directions were published in 2007. The updates reflect electronic versions of operational plans, electronic submissions, and public website postings.

Potential Impacts: No major impacts to the LHPWSS & EAPWSS. A minor administrative update is required for the Operational Plans.

[Post-meeting note: The administrative update to the Operational Plans has been completed.]

Consultation on the Creation of a Canada Water Agency

Source: Environment and Climate Change Canada (ECCC)

Date Posted/Notice Received: December 17, 2020

Comments Due: March 1, 2021

Summary: The Government of Canada has announced the launch of public consultations to help establish the new Canada Water Agency (CWA) and improve freshwater management across Canada. Water challenges such as droughts, floods, and deteriorating water quality are intensifying, due in large part to climate change. The CWA is being established to find the best ways to keep water safe, clean, and well managed. The CWA will be established in close collaboration with provinces, territories, Indigenous Peoples, and other partners. ECCC has released a discussion paper: Toward the Creation of a Canada Water Agency. The Discussion Paper proposes the development of the CWA, seeks input to identify freshwater priorities for the federal government, sets out various objectives, and proposes opportunities to enhance freshwater management in Canada.

Potential Impacts: Staff are reviewing the discussion paper for potential impacts and implications to the LHPWSS & EAPWSS as well as anticipated jurisdictional impacts



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between Ontario and Canada.

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Ontario's Long-term Energy Planning Framework

Source: Ministry of Energy, Northern Development and Mines

Date Posted/Notice Received: January 27, 2021

Comments Due: April 27, 2021

Summary: Ontario is designing and implementing a new long-term energy planning framework. O.Reg. 355/17 was revoked effective Jan. 1, 2021, removing the requirement for the government to release a long-term energy plan every three years. Ontario is reforming the long-term energy planning process, and building on their commitment to increase the effectiveness, transparency, and accountability of energy decision-making.

Potential Impacts: No immediate impacts to the LHPWSS & EAPWSS. As the initiative progresses as it may have long-term implications to the energy management strategy.

Technical Guidelines for the Environmental Emergency (E2) Regulations 2019 - version 2.0

Source: Environment and Climate Change Canada (ECCC)

Date Posted/Notice Received: December 30, 2020

Comments Due: N/A

Summary:

The new Environmental Emergency Regulations, 2019 came into force on August 24, 2019, replacing the previous version of the Environmental Emergency (E2) Regulations (2011). An updated version of the Technical Guidelines for these Regulations are now available on the ECCC website. The intent of the Technical Guidelines is to assist regulatees in better understanding the requirements of the Regulations so that they are able to be compliant with the legislation. The recent amendments provide more clarity and better align with the intentions of the Regulations. A revision history of the changes is available in the document.

Potential Impacts: None. Chlorine gas is currently the only regulated substance at the LHPWSS & EAPWSS. New content in Appendix 3 (Container Systems and Valves) and Appendix 4 (Determination of Quantity of a Substance Onsite) were reviewed for potential impacts. The on-site chlorine tonners have automatic shut-off valves for each cylinder, therefore there is no impact.

O. Reg. 17/21: Drinking Water Systems and Sewage Works

Source: MECP

Date Posted/Notice Received: January 29, 2021

Comments Due: N/A

Summary: The regulation revokes the previous O.Reg. 75/20 of the same name. O.Reg. 75/20 was filed in March 2020 due to the pandemic. It provided blanket regulatory relief for drinking water and wastewater system owners and operating authorities who may experience staffing challenges as a result of the outbreak.

Potential Impacts: None anticipated.



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Guidelines for Canadian Drinking Water Quality: Guideline Technical Document – Aluminum

Source: Health Canada

Date Posted/Notice Received: March 5, 2021

Comments Due: N/A

Summary:

The updated guideline value is as follows:

- The maximum acceptable concentration (MAC) for total aluminum in drinking water is 2.9 mg/L (2 900 µg/L) based on a locational running annual average of a minimum of quarterly samples taken in the distribution system.
- The operational guidance (OG) value for total aluminum in drinking water is 0.100 mg/L (100 µg/L) to optimize water treatment and distribution system operations. This value is based on a locational running annual average. The sampling frequency required to calculate the locational running annual average will vary based on the type of treatment facility and the sampling location.

There are changes from the August 2019 consultation document, with the main change being the proposed operational goal (OG) was increased from 0.05 mg/L to 0.100 mg/L total aluminum.

Potential Impacts: None. This is consistent with the current operational targets at the WTPs.

Guidance Document: Overview of the Microbiological Aspects of Drinking Water Quality

Source: Health Canada

Date Posted/Notice Received: March 5, 2021

Comments Due: N/A

Summary:

The document integrates the relevant microbiological considerations found in the various documents developed as part of the “source-to-tap” approach used in the Guidelines for Canadian Drinking Water Quality (GCDWQ). The overview also summarizes 21 other guidelines that have an impact on microbiological water quality. For further information, the GCDWQ technical documents can be found on the Water Quality website.

Potential Impacts: None.

Guideline Technical Document for Public Consultation: 4-Chloro-2-methylphenoxyacetic Acid (MCPA) in Drinking Water

Source: Health Canada

Date Posted/Notice Received: March 15, 2021

Comments Due: May 12, 2021

Summary:

This guideline technical document outlines the evaluation of the available information on 4-chloro-2-methylphenoxyacetic acid (MCPA) with the intent of updating the guidelines for MCPA in drinking water. The existing guideline, developed in 2010, established a maximum acceptable concentration (MAC) of 0.1 mg/L (100 µg/L). The present document proposes a higher MAC of 0.4 mg/L (400 µg/L).



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Potential Impacts: None. The current MAC in Ontario is 0.1 mg/L. All MCPA results for the past 5 years were non-detect for both EAPWSS and LHPWSS.

6. Staff Suggestions

a) EAPWSS

A previous staff suggestion to reduce the Aluminum sampling to 2x/day from 6x/day was revisited. When the suggestion was originally made, Health Canada was discussing a possible change to the operational guidelines for Aluminum. It was decided to wait for Health Canada's decision regarding this guideline before changing the sampling frequency. Health Canada has now released the guideline and the operational goal has remained unchanged at 0.100mg/L. The water quality trend was reviewed, and the aluminum trend is stable and at a very low level. OCWA would like to proceed with the change to sampling frequency for Aluminum. OCWA will provide a contract Change Management Form to document this change.

b) LHPWSS

A staff suggestion to change internal lab times is being trialed. OCWA sent out an email for feedback from staff on the changes. Once responses are received, there will be a discussion of the results to decide if the change will become permanent.

7. Raw Water Supply and Drinking Water Quality Trends

a) EAPWSS

- Raw water colour is trending down. This may be due to a correction to the filter paper pore size in 2019.
- There is now two full years of dissolved oxygen data, which will allow trending to be established.
- Turbidity is very variable due to the raw water source (Lake Erie)
- Aluminum residual is very stable and normally below 0.02mg/L (contractual obligation 0.1mg/L).
- pH in treated water is very stable.
- Free chlorine residual target is higher in the summer months than winter months.
- Treated water turbidity is trending down.
- Haloacetic Acids (HAA) and Trihalomethanes (THM) are trending upward slightly, but the levels seen are still far below the Maximum Allowable Concentration (MAC) so this is not a concern.

b) LHPWSS

- Raw water colour is trending down. This may be due to a correction to the filter paper pore size in 2019.
- Raw water pH is trending down. Unsure what would be causing this decrease – this will need to be explored further. Compare raw water pH to other parameters going further back to see if any correlations are found. Look at seasonal runoff and summer/winter variations, and consider pH correlations with other trends such as



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- aluminum residual, organics, hardness, etc.
- Raw water turbidity is normally very stable for source water (Lake Huron), but there were some spikes in late 2020 due to an intense storm season on the lake.
- Aluminum residual is trending upwards – will monitor this once the coagulation upgrade at Huron WTP is completed, as improvements are expected as a result of this project.
- Chlorine residual is stable. Free chlorine residual target is higher in the summer months than winter months.
- Treated water pH is trending down at the WTP and at the Arva reservoir. Note on the trend graphs when the caustic system was offline for maintenance events (eg. pump replacements and tank cleaning).
- HAAs and THMs are trending upwards slightly, but the levels seen are still far below the MAC so this is not a concern.

8. QMS – Deviations to Critical Control Point Limits and Response Actions

a) EAPWSS

There was a total of 74 WaterTrax alerts for 2020, down from 81 in 2019. Most of these alerts were for free chlorine in settled water. This is mostly due to settling tank maintenance and filter maintenance causing inadequate mixing.

b) LHPWSS

There was a total of 6 WaterTrax alerts for 2020.

9. Adequacy of Resources

There is one open position in RWS (Asset Management Coordinator) that is being filled by an internal applicant.

In general, staff vacancies for both RWS and OCWA are typically filled quickly. Through the pandemic we are adapting and adopting new ways of working.

In the past year, the 100% MECP inspection ratings and successful internal and external audits show our management systems are working well and being supported.

SharePoint and Maximo have the capability to support system operations. OCWA feels well supported by RWS. Staffing resources are added as necessary with business cases being brought forward where required.

Training was a concern during the last year with the pandemic, but overall the training requirements are being met.

Water volumes are not increasing as much as anticipated which impacts revenue and capital project budgets. OCWA should be identifying high priority items as budgets may be limited.

There are recent commodity price increases and availability concerns during the pandemic as well. OCWA is looking at staff resources but also commodities.



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10. Corrective Action Forms (CAF)

a) Huron Alum Spill (Feb. 19, 2021)

Corrective action items associated with this event have been added to the tracking sheet. A review of working around live piping with subcontractors should be performed before work is started. This is something that OCWA does through their work plan process, but this may be something that RWS should also consider implementing. This would require a determination of how much consulting time is needed onsite before the start of a project, which is difficult due to the varying scopes of projects.

The issue of RWS project contractors seeking direction from OCWA while on site may need to be revisited to determine how these situations should be approached and what OCWA's role is.

b) Elgin Filter Overflow (March 20, 2020)

Corrective action items associated with this event have been added to the tracking sheet. All corrective actions for this event have been completed.

Next Meeting: June 23, 2021

APPENDIX B: ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) AUDIT REPORT SUMMARY (APRIL 13-16, 2021)

Audit Purpose:

The purpose of the audit was to verify conformance with the ISO 14001:2015 Environmental Management Systems standard for the Elgin Area Primary Water Supply System (EAPWSS). Internal audits ensure the EMS is being continually improved.

Non-conformances and opportunities for improvement are listed below.

Auditor Qualifications:

Christine Jansen has completed an ISO 14001:2015 training course in Internal Auditing. Denny Rodrigues has completed an ISO 14001:2004 training course as well as the ISO 14001:2015 Transition training. See certificates in Appendix C.

Methodology:

The Internal Audit was conducted as outlined in procedure EA-ADMIN-1200 Internal Audit. The internal audit was performed remotely, using information and communications technology, due to the current COVID-19 pandemic response measures in place in Ontario. The audit was comprised of a review of documents and records, limited to the operation of the water supply system by the contracted operating authority, Ontario Clean Water Agency (OCWA), since the last Internal Audit conducted July 13-17, 2020.

Note: The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditors to demonstrate conformance with the ISO 14001:2015 Environmental Management Systems standard. The review and audit should not be construed as a complete and comprehensive review of all aspects/risks and all documents.

Findings:

The following is a summary of the audit findings, including non-conformances and opportunities for improvement.

Definitions:

- A non-conformance (NC) is a non-fulfilment of a requirement.
- An opportunity for improvement (OFI) describes a requirement that can be more effectively addressed.

Interviews Conducted:

- Vasile Nanu - UPIT
- Mark MacKenzie – Operator

Summary of Findings

Non-Conformances (NCs)

8.1 Operational planning and control

NC #1: Two (2) waste manifests were entered into the Owner’s HWIN online portal that have no associated records or information available. Manifest # LB15262 was for the removal of 2850L of waste class 221L on Nov. 22/19. Manifest # LB15259 was for the removal of 4500L of waste class 221L on Jan 15/20.

Opportunities for Improvement (OFIs)

7.2 Competence

OFI #1: Consider documenting the EMS/QMS training requirements for Regional Water Supply staff in EA-ADMIN-1400 – Training.

8.1 Operational planning and control

OFI #2: Consider reviewing section 5.5 of EA-PROC-200 Waste Manifest Completion procedure with staff. During the audit, it was found that one shipment of waste oil was disposed of under the incorrect Waste Generator Number. Manifest # CD19737 was pre-filled out by the waste Carrier with the incorrect Generator Number (Carrier used Owner’s gen# instead of OA gen#).

8.2 Emergency preparedness and response

OFI #3: Consider reviewing emergency preparedness and response documents to remove references to MOE. EMC-4 Spill Reporting Requirements v. 3.0. references MOE and MECP in document. EMC-7 Emergency Communications Protocol v. 4.0. references MOE in document. ECP-2 Emergency Contact & Essential Suppliers & Services List v. 21.0 references MOE in document.

APPENDIX C: ENVIRONMENTAL COMPLIANCE AUDIT REPORT SUMMARY (MARCH 24-26, 2021)

Summary

Audit Purpose:

The purpose of the audit was to verify compliance with select environmental legislation at the Elgin Area Primary Water Supply System (EAPWSS). Internal audits ensure the progress and activity of the Environmental Management System (EMS) is tracked.

Auditor Qualifications:

Christine Jansen has completed a three-day training course in ISO 14001:2015 EMS Internal Auditing (see Certificate in Appendix A). The auditor holds a Bachelor of Science in Environmental Science from Western University and an advanced diploma in Environmental Technology from Fanshawe College of Applied Arts and Technology.

Methodology:

The internal audit was conducted as outlined in Compliance Procedure (EA-ADMIN-1600) of the EMS Manual. The audit checklists were generated using Nimonik Environmental Criteria Software and are attached as Appendix B of this report.

The audit was comprised of facility tours and an environmental compliance review of the EAPWSS. The audit was limited to the operation of the water supply system by the contracted operating authority, Ontario Clean Water Agency (OCWA), for the period of their operating tenure, starting July 1, 2012.

Operational documents and records maintained by the Operating Authority for the period of January 1, 2019 through March 24, 2021 were reviewed in conjunction with this compliance evaluation.

Note: The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditor to demonstrate compliance obligations are being met as outlined in the EMS. The review and audit should not be construed as a complete and comprehensive review of all aspects and all documents.



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Checklist criteria generated by Nimonik Environmental Criteria Software:

Federal:

- Discharges to Navigable Waters
- Ozone Depleting Substances

Provincial:

- Ontario Fire Code (various)

Other Criteria:

- Watermain Disinfection Procedure
- By-Law No. 212 Noise – Central Elgin
- Water Supply Agreements
- Occupancy Agreements
- Access Plans
- O. Reg. 332/12 Building Code (concerning septic tanks only)

Interviews Conducted:

- Denny Rodrigues, Safety Process & Compliance Manager
- Simon Flanagan, Senior Operations Manager

Areas Visited:

- Elgin Water Treatment Plant, 43665 Dexter Line, Central Elgin
- EMPS Valve House and Terminal Reservoir, 490 South Edgeware Road, Central Elgin

Findings

The following is a summary of the findings including: non-compliance issues, opportunities for improvement, and observations for the EAPWSS.

Definitions:

- A non-compliance (NC) is a non-fulfilment of a regulatory requirement.
- An opportunity for improvement (OFI) describes a regulatory requirement that can be more effectively addressed.
- An observation is a comment or remark provided to share the conditions found (i.e. on the day of the audit tour).



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Positive Findings:

- Storage Building (West Bay) was kept in good order – observed waste oil storage, oily rag receptacle and two flammable liquid storage cabinets all properly stored.

Regulatory Non-Compliance (NC):

- N/A

Regulatory Opportunities for Improvement (OFIs):

- N/A

Observations:

- Did not observe any signs indicating where designated smoking areas are located on site.
- Did not observe any “No Smoking” signs outside of WTP buildings or Generator Building.



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File No.:

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Quarterly Operating Financial Status – 1st Quarter 2021

RECOMMENDATION

That this report regarding the Quarterly Operating Financial Status of the Elgin Area Water Supply System be **RECEIVED** by the Board of Management for information; it being noted that the financial information presented in this report is unaudited and subject to adjustments including the preparation of the financial statements and completion of the annual audit.

BACKGROUND

At the request of the Board of Management, a Financial Status Report is provided on a quarterly basis for information. The financial status provides a high-level overview of incurred expenditures and revenues on a cash-flow basis and is compared to the approved operating budget of the water supply system. All expenditures and revenues provided in this Financial Status Report are unaudited and may include accrued and/or unaccrued expenses from a previous or future fiscal year.

A high-level summary of incurred expenses and revenues for the water supply system is attached to this report as Appendix A for the first quarter 2021 (January 1 to March 31) as well as a comparative accumulation of expensed for the year to date.

Note: The reported expenditures and revenues may be subject to adjustments, including but not limited to the preparation of financial statements and completion of the annual audit.



DISCUSSION

For the information and reference of the Board, the following highlights of the attached summary provides a brief explanation of notable deviations from the approved budget and/or clarifications of the financial summary:

- Contracted Operating Services in the summary report reflects the total direct operating costs of the contracted operation of the water treatment and transmission system, as well as other related contracted services. The total accumulated operating costs over the year (unaudited) is higher than the same period in 2020 and is reflective of contractual increases in service agreements with the operating authority and other contracted services.
- Contracted Administrative Services in the summary report reflects the fees paid to the City of London.
- Electricity expenditures include the purchase of energy and related energy management service charges for the water system. The water system is currently tracking approximately \$90,000 lower than the previous year largely due COVID-related delays in receiving and payment of invoices. When adjusted, the comparative expense for 2021 is only marginally lower than that of the previous year.
- Salaries, wages and benefits expenditures include all direct labour costs for administrative staff including benefits. Variations over the same period in 2020 are attributed to annual salary adjustments, staff vacancies, and marginally lower total staffing costs as a result of the pandemic.
- Administration and Other Expenses relates to various overhead operating expenses, including subscriptions and memberships, office supplies and property taxes. While the reported expenditures will be adjusted as part of the year-end process, accounting for 2022 pre-payments and other cost accounting adjustments, the costs to date are higher than the same period in 2020, largely due to property tax adjustments.
- Vehicles and Equipment expenditures include costs associated with vehicles, computers and office equipment for administrative staff. Additional costs have been incurred related to replacement of computer equipment, travel and vehicles due to the pandemic.
- Purchased Services and Professional Fees largely relates to allowances for ad hoc professional consulting and legal services, office lease, telephone charges, network and SCADA maintenance, printing services, and pipeline locate costs. The increased cost when compared to the same period in 2020 is largely attributed to increased insurance costs.
- Debt Principle and Interest payments occur twice per year; in the first and third quarter.



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- Contributions to the Reserve Funds occur at the end of the fiscal year as part of the year-end audit preparation process, where the actual contributions are the total remaining revenue in excess of expenditures. Accordingly, the amount of the anticipated contribution is currently adjusted to reflect the additional revenue and expenses incurred, and may be subject to further adjustment as a result of the completion of the year-end financial statements and audit.

Prepared by: Archana Gagnier
Budget and Finance Analyst

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Operating Financial Status Summary – 1st Quarter 2021

Quarterly Financial Summary Report

Elgin Area Water Supply System

1st Quarter 2021 (January 1 to March 31)

(\$,000's)

	Approved 2021 Budget	Q1-2021	2021 Year to Date	% Year to Date	Year To Date Variance	2012 Year To Date
Total Revenue	13,987	2,105	2,105	15.0%	11,882	2,116
<u>Expenditures:</u>						
Contracted Operating Services	4,274	652	652	15.3%	3,622	623
Contracted Administrative Services	180	45	45	25.0%	135	44
Electricity	1,150	98	98	8.5%	1,052	189
Salaries, Wages, Benefits	741	173	173	23.3%	568	108
Administration and Other Expenditures	252	113	113	44.8%	139	88
Vehicles and Equipment	46	27	27	58.7%	19	9
Purchased Services & Professional Fees	452	135	135	29.9%	317	95
Debt Principle Payments	2,288	1,131	1,131	49.4%	1,157	1,110
Interest on Long-Term Debt	243	126	126	51.9%	117	155
Contributions to Reserve Funds	4,361	0	0	0.0%	4,361	0
Total Expenditures	13,988	2,500	2,499	17.9%	11,487	2,422

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Water System Operation - Contract Status Update

RECOMMENDATION

That this report with respect to the status of the contract with the Ontario Clean Water Agency as the contracted operating authority BE RECEIVED for the information of the Elgin Area Primary Water Supply System Board of Management.

PREVIOUS AND RELATED REPORTS¹

March 4, 2021	Operations and Maintenance Services Agreement – Negotiation of Term Extension
June 4, 2020	Water System Operation - Contract Status Update
June 6, 2019	Water System Operation - Contract Status Update
June 7, 2018	Water System Operation – Contract Status Update
June 8, 2017	Operations and Maintenance Services Agreement – Negotiation of Term Extension

BACKGROUND

On January 19, 2012 the Board of Management for the Elgin Area Primary Water Supply System (EAPWSS), concurrently and jointly with the Board of Management for the Lake Huron Primary Water Supply System (LHPWSS), awarded the contract for the management, operation and maintenance of both drinking water systems to the Ontario Clean Water Agency (OCWA). OCWA began operating the EAPWSS on July 1, 2012. The original contract with OCWA was for a five-year term, with a five-year optional extension.

On June 8, 2017 the Board Chair and Chief Administrative Officer (CAO) were authorized by the Board to execute the Operations and Maintenance Service Amending Agreement with OCWA to extend the term of the agreement for the additional five-year period. The Amending Agreement for the second five-year term took effect on July 1, 2017 and the term ends on

¹ **Previous and Related Reports** listed for the most recent five years. Similar reports are available dating back to January 12, 2012.



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December 31, 2022. The Amending Agreement allows for an additional five-year extension at the option of the Board.

On March 4, 2021 the Board authorized staff to negotiate the terms and conditions for a draft term extension agreement with OCWA for the allowable five-year period. The term extension will be for the period January 1, 2023 to December 31, 2027, subject to the approval of the Board.

DISCUSSION

The service agreement with OCWA contains a significant number of deliverables. This report does not attempt to cover the status of all deliverables, rather it provides an overview of some of the more notable administrative items.

General Contract Deliverables

Under the service agreement, OCWA is required to provide several regular reports to Board staff, including:

- Monthly Operations and Maintenance Report
- Quarterly Contract Report
- Quarterly Water Quality Report
- Quarterly Financial Report
- Quarterly Health & Safety Activities Report

Board staff and OCWA currently meet monthly to review the day-to-day management, operations and maintenance activities for the water supply system. The Board's CAO, Director, and the senior management of OCWA also meet quarterly to discuss any financial, contractual compliance and administrative-level issues. All of the above noted reports and related meeting minutes are available from the Regional Water Supply office in London upon request.

Employee Retention Incentive

Under the service agreement, OCWA is entitled to receive an annual employee retention incentive payment if all critical staff positions were filled, and staff turnover for these positions was no more than two persons during the calendar year. This incentive was included in the service agreement in order to ensure adequate numbers of critical staff were available and incur minimal turnover, which was a significant issue with the previous contracted operating authority.

In 2020, OCWA achieved these requirements for the EAPWSS and received the \$30,000 employee retention incentive payment.



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Performance Incentive Payment

At the end of each contract year, OCWA is entitled to receive a performance incentive payment of up to \$100,000, subject to any deductions outlined in the service agreement. Deductions could result from a number of specified issues, such as providing deficient or late reports, failure to meet emergency response requirements, failure to deal with complaints, failure to meet water quality performance criteria, etc. The performance incentive payment is intended to promote performance superior to minimum regulatory standards and best practices.

In 2020, there were no deductions to the incentive payment. The water quality performance criteria specified within the service agreement was continuously met during the period. In total, OCWA received the full \$100,000 incentive payment for the EAPWSS.

Service Fee Adjustment

The service agreement identifies projected annual treated water volumes throughout the contract term, upon which the annual service fee is based. At the end of each contract year, if the actual volume is greater than 105% or less than 95% of the projected volume, an adjustment is made to the service fee (either a credit or additional cost).

In 2020, the actual volume for the EAPWSS was 96.21% of the projected volume. This was within the accepted range therefore no adjustments to the service fee were required.

CONCLUSION

Board staff will continue to work closely with the operating authority to monitor performance and ensure deliverables under the service agreement. Any contractual issues are discussed at the quarterly operations meetings between OCWA and Board staff.

Prepared by: Erin McLeod, Quality Assurance & Compliance Manager

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: 2020 Audited Financial Statement and Auditors Report

RECOMMENDATION

That the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE AND ACCEPT** the 2020 Audited Financial Statement for the Elgin Area Primary Water Supply System.

DISCUSSION

On an annual basis, the finances and financial statements for the Elgin Area Primary Water Supply System are audited by a financial auditor acquired in partnership with the City of London in its capacity as Administering Municipality for the water system. The draft audited financial statements have been provided to the benefiting municipalities, as well as the reconciled volumes supplied to each municipality, to allow the municipalities to complete their respective financial audits and statements.

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: 2020 Audited Financial Statements, Elgin Area Water Supply System

Financial Statements of

**ELGIN AREA PRIMARY WATER SUPPLY
SYSTEM**

And Independent Auditors' Report thereon

December 31, 2020

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 10,030,838	\$ 10,613,374
Trade and other receivables	1,117,550	1,089,187
Loan receivable (note 4)	181,013	206,543
Total financial assets	11,329,401	11,909,104
Financial liabilities		
Accounts payable and accrued liabilities	835,863	1,045,990
Accrued interest on long-term debt	75,672	89,283
Long-term debt (note 5)	9,898,522	12,107,323
Total financial liabilities	10,810,057	13,242,596
Net financial assets (debt)	519,344	(1,333,492)
Non-financial assets		
Tangible capital assets (note 6)	66,840,118	66,699,790
Prepaid expenses	124,347	116,086
Total non-financial assets	66,964,465	66,815,876
Accumulated surplus (note 7)	\$ 67,483,809	\$ 65,482,384

The accompanying notes are an integral part of these financial statements.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
	(note 9)		
Revenues			
User charges	\$ 13,447,309	\$ 13,807,636	\$ 12,974,247
Investment income	112,000	245,059	256,607
Other	4,000	22,834	24,868
Total revenues	13,563,309	14,075,529	13,255,722
Expenses			
Salaries, wages and fringe benefits	721,145	707,885	765,473
Materials and supplies	5,919,216	6,758,652	5,898,379
Contracted services	640,820	589,890	797,667
Rents and financial expenses	60,000	68,687	66,618
Interest on long-term debt (note 5)	291,196	291,196	336,853
Amortization of tangible capital assets (note 6)	3,487,572	3,487,572	3,444,594
Administrative charges to the Corporation of the City of London	177,432	170,222	213,459
Total expenses	11,297,381	12,074,104	11,523,043
Annual surplus	2,265,928	2,001,425	1,732,679
Accumulated surplus, beginning of year (note 7)	65,482,384	65,482,384	63,749,705
Accumulated surplus, end of year (note 7)	\$ 67,748,312	\$ 67,483,809	\$ 65,482,384

The accompanying notes are an integral part of these financial statements.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Change in Net Financial Assets (Debt)
Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
Annual surplus	\$ 2,265,928	\$ 2,001,425	\$ 1,732,679
Acquisition of tangible capital assets	(3,121,380)	(3,627,900)	(1,996,385)
Amortization of tangible capital assets	3,487,572	3,487,572	3,444,594
	2,632,120	1,861,097	3,180,888
Change in prepaid expenses	-	(8,261)	(29,906)
Change in net financial assets (debt)	2,632,120	1,852,836	3,150,982
Net financial debt, beginning of year	(1,333,492)	(1,333,492)	(4,484,474)
Net financial assets (debt), end of year	\$ 1,298,628	\$ 519,344	\$ (1,333,492)

The accompanying notes are an integral part of these financial statements.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM**Statement of Cash Flows**

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,001,425	\$ 1,732,679
Items not involving cash		
Amortization of tangible capital assets	3,487,572	3,444,594
Amortization of debenture discount	15,178	15,178
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	582,536	(913,296)
Prepaid expenses	(8,261)	(29,906)
Trade and other receivables	(28,363)	1,032,923
Accounts payable and accrued liabilities	(210,127)	(1,117,749)
Accrued interest on long-term debt	(13,611)	(13,153)
Net change in cash from operating activities	5,826,349	4,151,270
Capital activities		
Purchase of tangible capital assets	(3,627,900)	(1,996,385)
Net change in cash from capital activities	(3,627,900)	(1,996,385)
Financing activities		
Long-term debt repayments	(2,223,979)	(2,177,530)
Loan receivable	25,530	22,645
Net change in cash from financing activities	(2,198,449)	(2,154,885)
Net change in cash flows and cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements
Year ended December 31, 2020

1. Nature of Reporting Entity

The Ontario Water Resources Commission (the “Commission”) of the Province of Ontario constructed, owned and operated a water treatment plant on Lake Erie and pipeline to the City of St. Thomas and the Ford Talbotville Assembly Plant on or about 1967. The Ministry of the Environment (the “Ministry”) was created in about 1973 and assumed all operations and activities of the Commission. In or about 1991, operational related activities (water and wastewater systems) of the Ministry were transferred to the Ontario Clean Water Agency, a Crown corporation of the Province of Ontario. In accordance with agreements with the associated municipalities, the Ministry extended pipelines to the present communities of Port Burwell, Port Stanley, and Southwold, and in 1996 to the City of London and the Town of Aylmer.

In accordance with the *Municipal Water and Sewage Systems Transfer Act, 1997*, the final Transfer Order for Elgin Area Primary Water Supply System (the “Entity”) was effective on November 29, 2000.

Under the transfer order, the works, properties and all assets, liabilities, rights and obligations of the system were transferred jointly to The Corporation of the City of London, The Corporation of the Town of Aylmer, The Corporation of the Municipality of Bayham, The Corporation of the Municipality of Central Elgin, The Corporation of the Township of Malahide, The Corporation of the Township of Southwold and The Corporation of the City of St. Thomas. The Corporation of the City of London (the “Corporation”) was named as the administering municipality. The Corporation of the Municipality of Dutton Dunwich joined the joint board of management in 2018. The appointment and voting structure was approved in the December 2019 board meeting.

The transfer order established a joint board of management to govern the management of the water supply system. The joint board of management is comprised of seven members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
The Corporation of the City of London	3	3
The Corporation of the City of St. Thomas	2	2
The Corporations of the Township of Southwold and the Municipality of Central Elgin and the Municipality of Dutton Dunwich (acting jointly)	1	1
The Corporations of the Municipality of Bayham, Township of Malahide and Town of Aylmer (acting jointly)	1	1

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

2. Significant Accounting Policies

The financial statements of the Entity are prepared by management in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook - Accounting. Significant accounting policies are as follows:

(a) Accrual Accounting

Sources of financing and expenses are reported on the accrual basis of accounting.

(b) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

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

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Vehicles	5 – 15
Machinery and equipment	7 – 20
Water infrastructure	10 – 60
Computers	3

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

(ii) Interest Capitalization

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

(c) Revenue Recognition

The Entity recognizes revenue when water is drawn by each customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

2. Significant Accounting Policies (continued)

(d) Government Transfers

Government transfer payments to the Entity are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performance. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

(f) Budget Figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(g) Liability for Contaminated Sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

2. Significant Accounting Policies (continued)

(h) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements.

(i) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value or another amount dictated by policy, accountability structure or budget practice.

3. Due from the Corporation of the City of London

As the Administering Municipality, the Corporation manages the daily operations of the Entity. The Corporation maintains a separate general ledger on behalf of the Entity. All funds are paid and received through the Corporation's bank account and held for use by the Entity.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

4. Loan Receivable

	2020	2019
Buy-in Charge Loan - Municipality of Dutton Dunwich	\$ 181,013	\$ 206,543
Interest Earned on Loan at prime rate less 1.53%	\$ 2,470	\$ 5,353

Effective January 1, 2018, the Municipality of Dutton Dunwich entered into a four-party water supply agreement with the Township of Southwold, the St. Thomas Secondary Water Supply System, and the Elgin Area Water Primary Supply System resulting in a buy-in charge of \$252,000. Dutton Dunwich has requested and the Entity has consented to payment of this buy-in charge over a 10 year term bearing interest on the outstanding amount. During the year, \$25,530 was received as payment on the loan. This loan is paid quarterly and will mature in December 2027.

5. Long-term Debt

Long-term debt is stated as follows:

	2020	2019
Long-term debt assumed by the Corporation of the City of London, as Administering Municipality, on behalf of the Elgin Area Primary Water Supply System, with semi-annual interest payments:		
at rates ranging from 2.90% to 3.20% (2019 - 2.70% to 3.20%), maturing September 2022.	\$ 2,312,400	\$ 3,426,450
at rates ranging from 1.50% to 2.70% (2019 - 1.40% to 2.70%), maturing March 2026.	4,369,296	5,047,259
at rates ranging from 1.55% to 2.85% (2019 - 1.30% to 2.85%), maturing March 2027.	3,277,540	3,709,506
Total long-term debt	9,959,236	12,183,215
Less: Unamortized debenture discount	(60,714)	(75,892)
Net long-term debt	\$ 9,898,522	\$ 12,107,323

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

5. Long-term Debt (continued)

The long-term debt repayment schedule is as follows:

2021	\$ 2,272,512
2022	2,323,163
2023	1,176,125
2024	1,201,240
2025	1,227,615
2026 and beyond	1,758,581
Total	\$ 9,959,236

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2020	2019
Interest on long-term debt	\$ 276,018	\$ 321,675
Amortization of debenture discount	15,178	15,178
	\$ 291,196	\$ 336,853

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

6. Tangible Capital Assets

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 1,251,559	\$ -	\$ -	\$ 1,251,559
Buildings and building improvements	29,952,345	1,137,506	127,755	30,962,096
Machinery and equipment	34,974,385	2,676,103	5,520,351	32,130,137
Vehicles	11,527	-	-	11,527
Water infrastructure	25,699,667	-	-	25,699,667
Computers	89,732	237,870	-	327,602
Assets under construction	969,418	451,772	875,351	545,839
Total	\$ 92,948,633	\$ 4,503,251	\$ 6,523,457	\$ 90,928,427

Accumulated Amortization	Balance at December 31, 2019	Amortization Expense	Amortization Disposals	Balance at December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	7,680,963	941,736	127,755	8,494,944
Machinery and equipment	13,995,785	1,945,713	5,520,351	10,421,147
Vehicles	4,117	1,651	-	5,768
Water infrastructure	4,523,072	528,690	-	5,051,762
Computers	44,906	69,782	-	114,688
Assets under construction	-	-	-	-
Total	\$ 26,248,843	\$ 3,487,572	\$ 5,648,106	\$ 24,088,309

	Net Book Value December 31, 2019	Net Book Value December 31, 2020
Land	\$ 1,251,559	\$ 1,251,559
Buildings and building improvements	22,271,382	22,467,152
Machinery and equipment	20,978,600	21,708,990
Vehicles	7,410	5,759
Water infrastructure	21,176,595	20,647,905
Computers	44,826	212,914
Assets under construction	969,418	545,839
Total	\$ 66,699,790	\$ 66,840,118

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

6. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with cost of **\$545,839** (2019 - \$969,418) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(c) Write-down of Tangible Capital Assets

There were **\$nil** write-downs in tangible capital assets during the year (2019 - \$nil).

7. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2020	2019
Surplus		
Invested in tangible capital assets	\$ 56,975,226	\$ 53,675,606
Reserve funds set aside for specific purpose by the Entity		
Infrastructure renewal - water operations	10,508,583	11,806,778
	\$ 67,483,809	\$ 65,482,384

8. Financial Instruments

(a) The carrying values of Due from the Corporation of the City of London, Trade accounts receivable and Accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The fair value of Long-term debt approximates its carrying value as interest rates are similar to current market rates of interest available to the Entity.

(b) Financial Risks

The Entity is not exposed to any significant interest, foreign currency or credit risks arising from its financial instruments.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

9. Budget Data

Budget data presented in these financial statements are based upon the 2020 operating budget approved by the joint board of management. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
User charges	\$ 13,447,309
Municipal revenue - other	10,000
Total revenues	13,457,309
Expenses	
Personnel costs	707,895
Administrative expenses	35,850
Financial expenses - other	210,000
Financial expenses - interest and discount on long-term debt	291,196
Financial expenses - debt principal repayments	2,223,979
Financial expenses - transfers to reserves and reserve funds	3,903,141
Purchased services	403,200
Material and supplies	5,462,400
Furniture and equipment	42,216
Other expenses	177,432
Total expenses	13,457,309
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	3,903,141
Debt principal repayments	2,223,979
Capital expenses not resulting in capital assets	(479,620)
Amortization	(3,487,572)
Reserve fund interest earned	106,000
Net PSAB budget surplus as per financial statements	\$ 2,265,928

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2020

10. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Due to the temporary closure of non-essential business and restrictions in activities, consumption within the municipalities served by the water system has moderately declined
- Lower water demand volumes within the municipalities may result in lower expenditures
- The Regional Water Supply office has remained open but reduced their staffing compliment on premises from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Implemented voluntary working from home strategy in service delivery
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the water treatment plants

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Entity's operations and financial position is not known at this time, although to date the impact has not been significant. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the future financial effect of the pandemic on the Entity is not practicable at this time.



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-09

Report Page: 1 of 3

Meeting Date: June 3, 2021

File No.: EA4162

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4162 Crop Yield Monitoring Program – 2012 Pipeline Twinning Project

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report regarding the Crop Yield Monitoring Program associated with the 2012 Pipeline Twinning Project for information.

PREVIOUS AND RELATED REPORTS

December 7, 2017	Crop Yield Monitoring Program – 2012 Pipeline Twinning Project
October 8, 2020	2021 Operating and Capital Budgets

BACKGROUND

Construction associated with the twinning of the 14.8-kilometre transmission main, adding a new 900 mm diameter pipeline adjacent to the existing 750mm pipeline, was completed in May 2012. As part of the construction project, the Elgin Area Primary Water Supply System (EAPWSS) entered into agreements with affected landowners related to construction activities, preservation of agricultural property, and post construction monitoring.

The agreement includes a condition that in each of the seventh-, eighth-, and ninth-year following construction the EAPWSS shall implement a crop yield monitoring program and that the monitoring program shall be undertaken by a specialist agronomist consultant mutually agreeable by both the EAPWSS and the Landowner. In October 2017, the Board approved a list of pre-qualified agronomists from which affected agricultural property owners may select to undertake a three-year crop yield monitoring program.

The intent of the crop yield monitoring program is to reasonably gauge the impact of the pipeline construction on the productivity of the agricultural properties. Landowner compensation paid during pipeline construction, in part, assumed crop yield losses over an extended period. The crop yield loss compensation is based a standard formula developed and is normal industry practice for all manner of pipelines within agricultural easements.

If crop yield losses (a comparison of on-easement versus off-easement productivity) are worse than what which was previously compensated for, the landowner is entitled to further compensation as well as remediation work at the EAPWSS' expense to limit future losses.



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-09

Report Page: 2 of 3

Meeting Date: June 3, 2021

File No.: EA4162

DISCUSSION

Board staff contacted agricultural property owners affected by the 2012 pipeline twinning project to confirm their agreement to participate in the crop yield monitoring program and allow the landowner to select a pre-qualified specialist agronomist. All landowner participants selected McCallum Agronomic Services as their pre-qualified crop yield monitoring specialist and monitoring commenced in the 2019 crop year. In total fifteen (15) agricultural properties were monitored in 2019 and 2020. Seven (7) properties did not meet the stipulated on-easement crop yield threshold of 80% in 2019 and an additional three properties (3) did not meet the threshold in 2020. In 2020, seven (7) properties had yield losses approximately 10% below the threshold while three (3) properties had yield losses approximately 30% below the threshold.

Where crop yields were below the threshold, Board staff met with property owners and the agronomist to review results, calculated crop yield compensation values and recommended remedial efforts where applicable to limit future losses. For one particular property, it was determined that it would be extremely difficult to remediate this portion of the easement in a practical and economical manner to the extent that it would consistently reach on-easement yields greater than the 80% threshold. At the request of the property owner, Board staff adjusted the original compensation payment considering the significant remediation efforts which would be necessary to achieve the required on-easement crop yields. The offer was accepted by the property owner and they signed a release in full and final satisfaction of all issues pertaining to crop loss arising from the 2012 pipeline twinning project.

Remedial efforts such as organic soil amendments may take several years before yields significantly improve, but the agronomist remains optimistic that many of the fields with a 10% deficit will meet the 80% threshold within a reasonable timeframe. For the properties with yield losses in the order of 30% below the threshold, additional remedial efforts including but not limited to field tiling and regrading may be required and subject to further yield monitoring after organic soil amendments are implemented. It is likely that several properties where remediation is underway will fall short of the threshold and ultimately adjustment to the original compensation payment will be the only course of action.

PROJECT FINANCIAL STATUS

Expenditure	Projected	Incurred
Crop Yield Loss	\$ 61,000	\$ 11,773
Variance Compensation		
Remedial works	\$ 300,000	\$ 5,258
Crop yield monitoring	\$ 200,000	\$ 100,683
Total	\$ 561,000	\$ 117,714
Approved Budget	\$ 661,000	
Projected Variance	\$ 100,000	



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-09

Report Page: 3 of 3

Meeting Date: June 3, 2021

File No.: EA4162

CONCLUSION

The crop yield monitoring undertaken in 2019 and 2020 by the agronomist selected by agricultural property owners affected by the 2012 Pipeline Twinning project, determined that one-third of the properties had on-easement yields greater than the 80% off-easement yield threshold. At the recommendation of the agronomist and in consultation with property owners, remedial efforts are underway with the aim of consistently reaching on-easement yields greater than the 80% threshold.

Prepared by: Billy Haklander, P.Eng., LL.M.
Environmental Services Engineer

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-07

Report Page: 1 of 2

Meeting Date: June 3, 2021

File No.: EA4020

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Financial Plan Update Project – Consulting Award

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the Financial Plan Update (EA4020) project:

- a) The Board of Management for the Elgin Area Primary Water Supply System **ACCEPT** the proposal from Watson & Associates Economists Ltd. for the Financial Plan Update in the amount of \$45,000.00, including contingency, excluding HST; and
- b) The Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report regarding the status of the McGillivray Electrical Upgrades project for information.

PREVIOUS AND RELATED REPORTS

October 8, 2020 2021 Operating & Capital Budgets

BACKGROUND

The Elgin Area Primary Water Supply System (EAPWSS) completed a Strategic Financial Plan in 2007 that set out strategies and actions aimed at ensuring the long-term financial sustainability of the Board. It included an analysis of financial requirements and consideration of options for meeting the requirements with the presentation of a utility funding structure, rates plan, and structure for charging costs.

The 2016 Financial Plan Update reviewed the pressures and challenges facing the system at the time, and the previous solutions implemented through the 2007 Strategic Financial Plan. It updated all facets of the previous financial plan and considers tools to meet the challenges facing the Board based on the financial components in place and the findings and recommendations of various studies completed including the 2016 Asset Management Plan Update.

The 2021 Financial Plan Update will ensure that funds are available to meet current and required needs of the regional system in a timely and planned way well into the future. The Update reviews the policies, directions, and specific actions that are designed to be inclusive, fair, and equitable and provides recommendations to address current and anticipated pressures as well as opportunities facing the Board.



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-07

Report Page: 2 of 2

Meeting Date: June 3, 2021

File No.: EA4020

The 2021 Financial Plan will also assist the Board in continuing to accomplish several key goals including the move toward a full lifecycle replacement funding structure and ensuring the ability to replace infrastructure at the end of its useful life. The 2021 Financial Plan will also consider the status of the reserve funds to ensure that they continue to remain strong in order to stabilize rates and minimize use of debt by accessing the Board reserves. It will be compliant with Provincial legislation and may be amended as necessary for future Municipal Drinking Water Licencing submissions.

DISCUSSION

In March 2021, Board staff invited Watson & Associates Economists Ltd. to submit a proposal for the above noted study for each of the Elgin Area and Lake Huron Primary Water Supply Systems. The proposal was received on April 29, 2021 and reviewed by Board staff to have met the requirements of the project, including a requirement for coordination with the ongoing update of the Asset Management Plan currently being undertaken by AECOM.

The budget for this project has been approved by the Board at \$50,000. Watson & Associates Economists Ltd.'s fee estimate associated with this assignment is \$45,000, excluding HST, based on their current work plan. It is therefore anticipated that the total cost for this project will remain below budget, it being noted that a contingency to the upset limit of the approved project budget will be managed by staff.

CONCLUSION

In accordance with the procurement policy of the Board, as well as the City of London's Procurement of Goods and Services Policy (*used as a guide*), Board staff recommends that the Board accept Watson & Associates Economists Ltd.'s proposal to undertake the Financial Plan Update.

Prepared by: Billy Haklander, P.Eng., LL.M.
Environmental Services Engineer

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Locate Service Provider – Contract Award

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to retaining a Locate Service Provider:

- a) The Board of Management for the Elgin Area Primary Water Supply System **ACCEPT** the proposal from Utility Marx for the provision of Utility Locate Services;
- b) The Elgin Area Primary Water Supply System Board of Management **AUTHORIZE** the Board Chair and Chief Administrative Officer to execute an agreement with Utility Marx for the provision of Utility Service Locates; and,
- c) The Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report regarding the status of the Locate Service Provider for information.

BACKGROUND

The Ontario Underground Infrastructure Notification System Act, 2012 requires that upon notice of excavation being given by Ontario One Call, owners and operators of buried infrastructure must either provide a proper locate of their buried infrastructure or provide a statement in writing that their infrastructure is clear of the excavation area.

The Elgin Area Water Supply System (EAWSS) has been contracting for locate services since 2013. Continuing with that practice, this report recommends the award of a contract for the provision of locate services for a three-year term from June 15, 2020 to June 14, 2023. The locate service provider will be responsible for interfacing with Ontario One Call and their systems, and for providing all labour, equipment materials, facilities, accommodations, transportation, traffic control, and supervision to perform underground municipal services location and marking services on behalf of the EAWSS.



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-08

Report Page: 2 of 3

Meeting Date: June 3, 2021

File No.:

DISCUSSION

In April 2021, Board staff with the assistance of the Purchasing Department of the City of London issued a formal Request For Proposal (RFP #21-12) for a Locate Service Provider on the Bids&Tenders website to procure a qualified and experienced proponent for locate services to the Lake Huron Water Supply System. Three submissions were received by the deadline stipulated in the Request for Proposals document, namely:

1. G-Tel Engineering
2. Utility Marx
3. Tierra Geomatic Services

A two-envelope RFP process was utilized; one envelope containing the technical proposal and the second containing the price proposal. The evaluation of all technical submissions was completed in full, and the financial proposals from those proponents which met the minimum scoring requirements were subsequently evaluated in accordance with the RFP documentation. The technical and financial evaluations were combined to determine best value for the proposals submitted.

Upon completion of the technical and financial evaluations, the proponent with the highest score and demonstrating their ability to fully meet with the requirements of the EAWSS in accordance with the RFP documentation was Utility Marx.

The estimated annual cost of the service provided for this contract is \$1,200 per year, excluding HST and based on 2017-2020 locate volumes, or \$3,600 for the three-year term. The actual cost of the service will be based on actual locate request volumes.

Regulatory Coordination

In connection with the locate contract and to maintain compliance with the Ontario Underground Infrastructure Notification System Act, 2012, the EAWSS is required to continue to use the services of Ontario One Call which provides mandatory single-point-of-contact services to utility owners in Ontario. As required by the locate services agreement, Utility Marx will interface with Ontario One Call's communication system and will fully comply with all aspects of the Ontario Underground Infrastructure Notification System Act, 2012 and associated regulations.



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-08

Report Page: 3 of 3

Meeting Date: June 3, 2021

File No.:

CONCLUSION

The EAWSS is obligated to provide a utility locate service for the underground infrastructure it owns. Upon completion of a request for proposal procurement process with established service providers, Board staff recommends that the highest scoring proponent, Utility Marx, be awarded the service contract.

Prepared by: John Walker, CD, B.Sc.
Operations Manager – Regional Water Supply

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

To: Chair and Members, Board of Management
Elgin Area Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: EA4153 Backwash Pumps Replacement Project – Consulting Award

RECOMMENDATION

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the Elgin Backwash Pump Replacements (EA4153) project:

- a) The Board of Management for the Elgin Area Primary Water Supply system extend the existing engineering assignment with AECOM for engineering design services at an estimated cost of \$158,270.00 (including contingency, excluding HST); and,
- b) The Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information.

PREVIOUS AND RELATED REPORTS

October 5, 2017 2018 Operating & Capital Budgets
March 1, 2018 High Lift and Backwash Pump Replacements

BACKGROUND

This back wash system is largely original to the plant construction (fifty years old) and utilizes two pumps to undertake a filter backwash. A single back wash pump has been determined to be insufficient to satisfy the full flow and volume range necessary to adequately clean the new filtration system under all conditions. There are no backup or standby pumps for the backwash system if one of the existing pumps fail or is taken out of service for maintenance. The desire of the 2018 backwash replacements project was to complete an engineering review of the proposed pump replacements to determine the feasibility of utilizing a duty/standby arrangement (full redundancy) instead of a lead/lag arrangement. In March 2018, AECOM was awarded the design for both the High Lift and Backwash Pump Replacements to achieve better pricing for both design and potentially construction phases of the projects.

DISCUSSION

AECOM was previously engaged to undertake the preliminary design for both the replacement of the high lift pumps replacement (project EA4156) and the backwash pumps (project EA4153) in order to ensure a coordinated approach to the initiatives. With budget constraints in prior years, Board staff deferred the subsequent backwash pump design portion of

AECOM's consulting assignment and related construction to focus on the design and consulting tasks associated with the high lift pump replacements.

The backwash pump component of the engineering assignment resumed in the fall of 2020 after the replacement of the high lift pumps was substantially completed. AECOM reviewed several pump specifications and configurations with the objective of identifying an option that would address the recommended high and low backwash rates, as well as the original project objective of providing full redundancy for the backwash process.

AECOM reviewed the option of having 100% redundancy (one duty pump plus one standby pump) and determined that a detailed structural review would be required to confirm that the pump floor and overhead crane could accommodate the size of pumps needed to achieve the necessary high and low wash flow rates. From the initial structural review, it was determined that costly structural upgrades to the crane and the pump floor would be necessary in order to achieve full redundancy of the backwash system. In addition, the option would result in significant volume of recycled flow back into the pump well to accommodate the low backwash rate resulting in substantial control changes and increased operational costs associated with the use of larger motors. The initial capital cost estimate for this solution was \$4.0M subject to a more detailed structural review.

AECOM also considered an option related to 50% redundancy (2 duty pumps, plus 1 standby pump). This option would involve the installation of new pump discharge valves, the replacement of backwash piping, and modifications to the suction conduit as well as electrical and control changes. The insufficient space available in the high lift pump room was a limiting factor and would have resulted in the need to locate the third pump (standby) in an adjacent room and the associated pump inlet located to the suction conduit instead of the pump well. The principal constraints associated with the construction of this option include an extended plant-wide shut down that would be required to accommodate the modifications and an estimated capital cost of \$6.0M.

In review of the above alternatives, the age of the pumps which are currently at the end of their expected useful life, and budget limitations, Board staff recommend that a like-for-like replacement of the backwash pumps is the best course of action at this time with an estimated capital cost of \$2.5M. Although the main reduction in risk will be the replacement of old pumps with new pumps, the new pumps will also be equipped with additional monitoring equipment to allow for proactive maintenance and thereby reduce unexpected downtime. The Capital Plan or the EAPWSS currently anticipates the back wash pump installations in 2023 and subject to budget availability.

With AECOM partially completing the back wash pump design and having specific knowledge of the project limitations by successfully completing the high lift pump design and contract supervision services associated with the installation, Board staff recommend that AECOM's current engineering assignment be extended to complete the back wash pump detailed design, pump and equipment selection, and construction procurement and supervision tasks.



Elgin Area

Primary Water Supply System

Report No.: EA-2021-02-10

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Meeting Date: June 3, 2021

File No.: EA4153

PROJECT FINANCIAL STATUS*

Expenditure	Projected	Incurred
Pre-Design	\$ 36,500	\$ 34,431
Detailed design, construction procurement and supervision	\$ 158,270	\$ -
Total	\$ 194,770	\$ 34,431
Approved Budget	\$ 200,000	
Projected Variance	\$ 5,230	

* Financial Status excludes the cost of equipment procurement and construction.

CONCLUSION

Several back wash pump configurations were considered with the objective of identifying an option that would address the recommended high and low backwash rates as well as the original project objective of providing full redundancy for backwash pumping. In review of all options, a like-for-like replacement of the backwash pumps in 2023 at an estimated capital cost of \$2.5M is recommended by Board staff. It is also recommended that AECOM's engineering high lift pump assignment be extended to complete the detailed design of the replacement of the backwash pumps, equipment selection, construction procurement and supervision tasks.

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