

Meeting Date: April 15, 2019
Department: Engineering & Public Works
Prepared by: Paul Zuberbuhler, CET, Manager of Environmental Services
Reviewed by: Greg McClinchey, Chief Administrative Officer
George Elliott, P.Eng., Director of Engineering & Public Works
Fred Tranquilli, LL.B/J.D., Director of Legal and Legislative Services

**SUBJECT: Adelaide Metcalfe Servicing Agreement Update
Report No. EPW 19-006**

RECOMMENDATION:

It is recommended:

1. That Council receive Report EPW 19-006 regarding the Adelaide-Metcalfe Agreement Update and forecast completion by September 2019, as information.

BACKGROUND

The Municipality and the Township of Adelaide Metcalfe currently have a Servicing Agreement for water, wastewater, storm water and development initiatives in the Township of Adelaide-Metcalfe.

On August 13, 2018, a letter from the Township of Adelaide-Metcalfe was presented at Council, requesting an extension to the current Agreement.

At the Council meeting on September 4, 2018, a verbal report was delivered by the CAO. Council approved the request from the Township of Adelaide-Metcalfe for a 6-month extension with a renewal date of April 2019.

In addition to the Servicing Agreement, Strathroy-Caradoc and Adelaide-Metcalfe are parties to an additional agreement for similar servicing works in Adelaide-Metcalfe's new Grogast Subdivision. As well, there are servicing implications on County Lane that have been undertaken but which are not the subject of a formal agreement. Staff have been working on a consolidation and overall update of the agreements with the Township targeting the April 2019 timeline.

This report provides a brief update of activities to date and identifies a revised schedule to complete the agreement updates by September 2019.

COMMENTS

The current agreement with Adelaide-Metcalfe requires updating to take into account changes in the water regulations and the ability to better administer the various water, wastewater, stormwater and

development aspects. Most notably, the Township service delivery has exceeded a threshold within the provisions of the Safe Drinking Water Act and a significant change in the Servicing Agreement is required.

Currently the water systems that service Adelaide-Metcalfe fall under the purview of the Middlesex London Health Unit. With the growth in the number of residential customers, the system is now eligible and should be administered under the Ministry of Environment, Conservation and Parks (MECP). This change will require the Township of Adelaide-Metcalfe to obtain a drinking water system number, complete the necessary financial planning documentation, develop and maintain an Operational Plan as prescribed by the DWQMS and complete more comprehensive testing and reporting.

In March, Strathroy-Caradoc staff met internally to discuss the proposed direction of a new agreement, timing of the proposed changes and requirements for implementation. Strathroy-Caradoc staff also met with the staff of Adelaide-Metcalfe to discuss the proposed direction of a new agreement and potential challenges in the implementation. Staff continue to work with Adelaide-Metcalfe toward the new approach which contemplates Adelaide-Metcalfe expanding its role to undertake the service delivery itself.

New Agreement Structure

The new relationship will be vastly different than the current agreement outlines. It will be based on the simple premise that Strathroy-Caradoc would sell bulk water to, and receive bulk sewage from, the Township. Adelaide-Metcalfe would be responsible for all operations within the Township. Implementing a change of this magnitude will require a lengthy transition time.

The current negotiations propose:

1. An extension of the current agreement to December 31, 2020, with a few modifications and a commitment to terminate the agreement at that time, in favour of the new agreement structure, and
2. A wholly new agreement will be proposed to be effective on January 1, 2021, with a structure reflecting the new responsibilities of the Township for the overall operation of its systems.

The current agreement extension will include:

- Minor additions to formalize the Strathroy-Caradoc role in the Township development review
- The requirement to install water and wastewater metering at boundaries of the Township
- Clarification on responsibilities for funding capital due to expansion
- A commitment to terminate the agreement in favour of the new agreement

The new agreement would be effective January 1, 2021. In this new agreement Adelaide-Metcalfe's role would be in the nature of a customer of Strathroy-Caradoc, similar to any other customer and the Township would attract a charge for usage on a per cubic meter basis for water and wastewater. Adelaide-Metcalfe would be allocated a maximum volume of water/wastewater and would be required to meet the requirements for the water/wastewater installation and servicing as any other customer of

Strathroy-Caradoc. Adelaide Metcalfe would also be responsible for the operation, maintenance, repairs and capital improvements of their water and wastewater systems.

Agreement Timeline

- April 10 Draft agreements for A-M to review
- April 22 – May 8 Discussions between A-M and S-C staff
- May 21 Draft Agreements to A-M Council for initial review
- June 3 Draft Agreements to S-C Council for initial review
- July Final Agreements for A-M Council to approve
- August Final Agreements for S-C Council to approve
- September 1 Renewed agreement in force
- Sept 1 to Dec 31 2020 Transition period to prepare for new agreement
- January 1, 2021 New agreement in full force

FINANCIAL IMPLICATIONS

The new agreement structure with Adelaide-Metcalfe being serviced in the nature of a “customer” will reinforce the provincially required full cost recovery budgeting system in both municipalities. It will streamline operations and ensure costs are appropriately and proportionately borne by each municipality.

CONSULTATION

The process for updating the existing agreement has been done in consultation with Cathy Case, Chief Administrative Officer of the Township of Adelaide-Metcalfe. The timeline for approvals with the Township Council are being coordinated with Cathy Case as well. This report will be shared with the Township.

The preparation of this report and recommendation is in consultation with:

- Chief Administrative Officer
- Director of Engineering and Public Works
- Director of Legislative and Legal Services

ATTACHMENTS

None.