

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
Bill Dakin, Director of Financial Services

SUBJECT: **Award – BMA Management Consulting Inc.
Long Range Financial Plan, Water/Wastewater Rates Study
Report No. EPW 19-005**

RECOMMENDATION:

It is recommended:

1. That Council receive Report EPW 19-005 regarding the Long Range Financial Plan, Water/Wastewater Rates Study, and
2. That Council approve the Long Range Financial Plan, Water/Wastewater Rates Study to be funded from the 2019 Water and Wastewater Capital Budgets, and
3. That Council award the Long Range Financial Plan, Water/Wastewater Rates Study to BMA Management Consulting Inc. in the amount of \$22,583.05 including full HST.

BACKGROUND

In 2012, the Municipality had prepared a Water Financial Plan and update to the Water and Wastewater Rate Study in accordance with the proposed Sustainable Water and Sewer Systems Act.

The Long Range Financial Plan is required under the Safe Drinking Water Act, and must be updated regularly. Completing a Long Range Financial Plan to set water and wastewater rates will require multiple steps.

The first step is to establish an understanding of the Municipality's current water and wastewater rates, asset values, reserves and annual operating budgets. With this analysis, current population, existing demands and asset values are also reviewed. Then forecasting anticipated growth and requirements for water and wastewater in the future is completed. Based on this analysis, the current and future financial position of the Municipality's water/wastewater system is determined and compared with the fiscal requirements of the *Act*.

The next step is to develop a strategy for the Municipality to achieve full cost recovery for its water and wastewater services. During the process different rate structures, billing policies, procedures, and capital works will be reviewed. Several options with recommendations will be presented to Council for input on the water and wastewater rates.

At the end of the process, the Municipality will have a detailed plan of the water/wastewater rates, defined targets for reserves and a capital plan. This will also include the necessary plans to ensure compliance with the requirements under the acts for systems with full cost recovery rates.

Proposal Results

The Proposal for the Long Range Financial Plan, Water/Wastewater Rates Study was distributed to three Consultants. The Request for Proposal closed on Wednesday March 27, 2019 with 3 proposals being received. The results were: (including full HST):

Consultant	Price
BMA Management Consulting Inc	\$ 22,583.05
Watson & Associates Economists Ltd	\$ 33,109.00
Hemson Consulting Ltd	\$ 33,866.00

Note: Includes full HST

COMMENTS

Staff have reviewed the received proposals, found all bids to be compliant, complete and accurate. It is recommended that the project be awarded to BMA Management Consulting Inc, at a price of \$22,583.05 (incl HST).

Project Schedule

The project milestones have the following completion timeline:

- April 19 Project Award
- May 31 Water/Wastewater demand analysis
- June 1 Financial Model
- June 30 Billing policies, practices and special charges review
Forecasting operational requirements
- July 15 Rate Structure Analysis and Recommendations
- July 21 Establishing reserve and debt policies and strategies
Define capital budget requirements and capital funding strategies
- August 5 Develop draft LRFP, rates and financial strategies
- October 7 Presentation to Council with recommendations for feedback
- November 18 Council report with final recommendation and 2020 rates

FINANCIAL IMPLICATIONS

The approved 2019 Capital Project Budget for this project is \$40,000. Of this amount \$25,000 was funded from Water and \$15,000 was funded from Wastewater.

CONSULTATION

The preparation of this report and recommendation to award the work was done in consultation with:

- Chief Administrative Officer
- Director of Engineering and Public Works
- Director of Financial Services

ATTACHMENTS

None.