

- c) **Recommendation 5.1 which proposes an amendment to the *Municipal Act* to allow municipalities to form corporations to deliver water and wastewater services or to have shared ownership of these corporations between more than one municipality;**
- d) **Recommendation 5.2 which would create a board of directors to run the new corporation and two thirds of the board would be drawn from the private sector and one third from local municipal councils;**
- e) **Recommendation 6.1 which would create a new "Ontario Water Board" (OWB) that would oversee the water and wastewater sector in Ontario. The OWB would report to the Legislature through the Ministry of the Environment;**
- f) **Recommendation 6.3 which proposes that the OWB should normally require an update of business plans only every five years with any proposed material change to the plan before the end of the five year period be submitted to the OWB for approval;**

2. **AND THAT a copy of this report be sent to the Honourable Dalton McGuinty, Premier of Ontario; the Honourable Laurel Broten, Minister of the Environment; the Honourable John Gerretsen, Minister of Municipal Affairs and Housing; and the Honourable David Caplan, Minister of Public Infrastructure Renewal; the Region of York; all York Region municipalities for their support.**

Please note the request for your support in Recommendation 2. A copy of Community Services Report – PWES 2007-69 is enclosed.

Sincerely,



Anita Moore

Town Clerk

AM:jb

copy: Mr. R. Prentice, Commissioner of Community Services
Mr. J. Koutroubis, Director of Public Works and Environmental Services

7.1



TOWN OF NEWMARKET

Community Services
Public Works and Environmental Services Department
publicworks@newmarket.ca

September 12, 2007

COMMUNITY SERVICES REPORT – PWES 2007 - 69

TO: Committee of the Whole

SUBJECT: Watertight – Expert Panel on Reforms on the Delivery of
Water & Wastewater Strategy

ORIGIN: Director of Public Works and Environmental Services

RECOMMENDATIONS

THAT Community Services Report – PWES 2007- 69 dated September 5, 2007 regarding Watertight – Expert Panel on Reforms on the Delivery of Water and Wastewater be received and the following recommendation(s) be adopted:

1. THAT Council supports, in principle, the findings and recommendations of the Expert Panel's report titled "Watertight: The Case for Change in Ontario's Water and Wastewater Sector", with the exception of the following Expert Panel recommendations:
 - a) Recommendations 4.1 and 4.2 which propose that Business Plans be submitted to the new Ontario Water Board by single-tier municipalities working closely with lower-tier municipalities and if mutually agreed those Business Plans extend beyond single-tier municipal boundaries and wherever possible contain a minimum of 10,000 customers;
 - b) Recommendation 4.9 which proposes an amendment to the Municipal Act to give all upper tier Regional governments exclusive jurisdiction over lower tier governments, such as the Town of Newmarket, for all elements of the water distribution and wastewater collection systems;
 - c) Recommendation 5.1 which proposes an amendment to the Municipal Act to allow municipalities to form corporations to deliver water and wastewater services or to have shared ownership of these corporations between more than one municipality.

Newmarket's vision: A community well beyond the ordinary

395 MULOCK DR., P.O. BOX 328, STN MAIN NEWMARKET, ON L3Y 4X7
Direct Dial: 905-953-5300 ext. 2500 General Information: 905-895-5193 Fax: 905-953-5138

www.newmarket.ca

- d) **Recommendation 5.2 which would create a board of directors to run the new corporation and two thirds of the board would be drawn from the private sector and one third from local municipal councils;**
- e) **Recommendation 6.1 which would create a new "Ontario Water Board" (OWB) that would oversee the water and wastewater sector in Ontario. The OWB would report to the Legislature through the Ministry of the Environment.**
- f) **Recommendation 6.3 which proposes that the OWB should normally require an update of business plans only every five years with any proposed material change to the plan before the end of the five year period be submitted to the OWB for approval;**

2. AND THAT a copy of this report be sent to the Honourable Dalton McGuinty, Premier of Ontario; the Honourable Laurel Broten, Minister of the Environment; the Honourable John Gerretsen, Minister of Municipal Affairs and Housing; and the Honourable David Caplan, Minister of Public Infrastructure Renewal; the Region of York; all York Region municipalities for their support.

COMMENTS

Background

In August of 2004 a Water Strategy Expert Panel was commissioned by Public Infrastructure Renewal Minister David Caplan in order to determine the best ways to organize water and wastewater systems and deliver safe, clean affordable water and wastewater services in the province, while ensuring continued public ownership of these systems. The final report of Ontario's Water Strategy Expert Panel dated May 2005 recommended significant changes in the way the province's water and wastewater systems are organized, governed and regulated.

The Expert Panel examined all of Ontario's water infrastructure and found the results of decades of underinvestment and planning in water systems throughout the province. The Expert Panel has recommended a comprehensive set of proposals for correcting the situation and ensuring the safety, affordability and long-term financial sustainability of Ontario's water and wastewater systems in the coming decades. The Expert Panel also reports that the province's water systems will require more than \$30 Billion in capital investments over the next decade and a half.

The Expert Panel believes that a wide range of changes to the water sector will be needed to meet the challenges ahead. The Expert Panel focused on the following reforms to ensure that systems are sustainable and rates reasonable. The report's key recommendations are as follows:

- **Governance** - Strengthening the governance of water services and increasing their effectiveness by making larger municipally-owned utilities responsible for providing services;

- **Scale and Capacity of Water Systems** - Increasing the scale and capacity of water systems, including consolidating smaller water systems in various parts of the Province into larger regional utilities.
- **Timing and Funding & Pricing and Rates** - Phasing in cost increases over a seven-year period;
- **Regulation** - Creating an independent economic regulator --- the Ontario Water Board — charged with reviewing business plans and proposed water rates;
- **Innovation** - Encouraging innovations in technology and training in order to reduce costs;
- **Ontario Clean Water Agency (OCWA)** - Revitalizing the Ontario Clean Water Agency by revising its mandate to include an arm's-length relationship with the province and establishing a business-oriented board of directors.

The Expert Panel also provided an Annex with their complete Summary of Recommendations which we have attached hereto as Appendix "A"

Governance

The Expert Panel recommended that the Municipal Act be amended to allow all water servicing to be run under a corporate governance model in order to solve the Expert Panel's reported drawbacks to direct municipal governance overseen by a municipal council and the under funding and planning for water systems throughout Ontario. The Expert Panel also recommended that a local and separate Water Board should be created with members appointed two-thirds from the private sector and one-third from the local municipal council. All finances of this proposed Water Board and Corporation are to be completely separate from the local municipality that it serves to prevent conflicting funding issues. This Water Board Corporation would be responsible for all water billing, metering and collecting. Municipal water rates are proposed to be priced at the same rate that other customers pay with all other transaction between the two entities be priced at market value.

It is the opinion of the Public Works and Environmental Services Department that the current two-tier system is operating effectively. This has been confirmed by the Region of York who retained Deloitte & Touche several years ago to review the water and wastewater service governance model within the Region of York. The results of that study essentially revealed that the two tier governance model in York Region was working well and all nine local municipalities in the Region simply needed improved communications and more joint staff training opportunities.

Scale and Capacity of Water Systems

The Expert Panel recommended that new relationships be formed to provide more cost effective and efficient services to the public. The Expert Panel also reviewed providing effective risk management, better access to technology and a broader rate base by providing the following recommendations:

- a) Amalgamating communities into larger Regional or single tier service delivery structures that with amendments to the Municipal Act.

- b) A new regulated Ontario Water Board.
- c) Business Plans based upon regulatory requirements of the Safe Drinking Water Act (SDWA) and the Sustainable Water and Sewage Systems Act (SWSSA).

The Expert Panel identified the Regions of York, Waterloo and Niagara as being the remaining Regional Municipalities in Ontario still operating under a multiple (two tier) governance model that needed consistency in these multi-tiered regions by way of amending the Municipal Act.

From the perspective of the PWES Department, the proposal to transfer full authority of the water distribution system to the Regional level of government would have far reaching impact on the operations and the finances of the Town of Newmarket and other area municipalities. There would need to be extensive discussions on how the loss of the water and wastewater user rate funding would affect the financial position and staffing for all nine Region of York municipalities. If the Region of York were to reexamine and proceed with this single-tier governance model Town of Newmarket could take the position that other aboveground maintenance services on Regional Roads within the municipal limits should revert to the local municipality to ensure full utilization of the existing staff and equipment that are currently employed by the Town.

Timing and Funding & Pricing and Rates

The Expert Panel recommends that water consumers pay for all that they consume which will require additional metering to capture all uses, promote water conservation and prevent over sizing of infrastructure. The Panel further recommended that rate structures should be reviewed to ensure full cost recovery and that the province be responsible to operate and run an unsustainable system under a contract role.

In addition the Expert Panel also recommended several financial options for the municipalities which included new powers to issue revenue bonds and establish grant programs.

The Town of Newmarket has been operating on the basis of full cost recovery for over ten years.

Regulation

The Expert Panel recommended the establishment of a new regulatory body to be known as the Ontario Water Board (OWB). The OWB would report through the Ministry of the Environment (M.O.E.) with the mandate to regularly review business plans and compliance with quality management certifications. The Expert Panel recommended that the OWB should be appointed and regulatory amendments should include:

- a) Additional training for all M.O.E. staff responsible for Inspections and Enforcement.
- b) Amend the Safe Drinking Water Act (SDWA) to include licensing of wastewater operations using the model of the Drinking Water Quality Management Standard (DWQMS).

- c) Changes to a licensed municipal system should not require any further applications for approval provided that the municipality operating the system regularly reports compliance and business plans.

Innovation

The Expert Panel recommended that the M.O.E. take on a more active research and development role while simultaneously taking a larger role in the training of water and wastewater operators and ensure adequate training for all municipalities.

The Expert Panel also recommended that the MOE also work more closely with several water and wastewater associations in Ontario to review and assess the staffing needs of the water and wastewater industry and provide training and skills upgrading for that industry.

Ontario Clean Water Agency (OCWA)

The Expert Panel recommended that the current function of OCWA be revised to reduce, in what appears to be the Expert Panel's underlying opinion, an organization that has become too centralized and top heavy. Also OCWA does not operate at "arms length" from the M.O.E. and should be captured under the Ontario Business Corporation Act with the Province being only a shareholder.

Impact of the Expert Panel Report on Newmarket

The impact of the Expert Panel Report recommendations on the Town of Newmarket is shown on Appendix "A" for each recommendation. Staff have highlighted what they feel they cannot support and would have the most impact on the Town of Newmarket being Recommendations 4.1, 4.2, 4.9, 5.1, 5.2, 6.1 and 6.3.

Recommendations 4.1 and 4.2 proposes that Business Plans be submitted to the new Ontario Water Board (OWB) by single-tier municipalities working closely with lower-tier municipalities and if mutually agreed those Business Plans extend beyond single-tier municipal boundaries and wherever possible contain a minimum of 10,000 customers. We do not agree with forcing consolidation and the responsibilities of the OWB should be performed by the MOE. Business Plans are essentially consolidated capital and operating budgets and not true Business Plans.

Recommendation 4.9 which proposes an amendment to the Municipal Act to give all upper tier Regional governments exclusive jurisdiction over lower tier governments, such as the Town of Newmarket, for all elements of the water distribution and wastewater collection systems;

The Region of York's multi-tiered system was established in the early 1970's with a clear definition of between supply and transmission (Region) and distribution (Local) for water and YDSS trunk sewer collection and treatment (Region) vs. gravity sewer collection (Local). This system has worked well for Newmarket and we have developed our staff expertise to deliver safe and economical local water distribution and local wastewater collection systems.

Newmarket residents currently enjoy a direct customer service approach that is second to none. We currently provide water distribution, sanitary sewers, storm sewers, metering, street lighting, road maintenance, sidewalks, winter road and winter sidewalk maintenance, traffic lights, road

signage, solid waste, recycling and SSO collection. This structure allows Newmarket to fully coordinate our capital budgets for all services within our Right-of-Ways. By implementing the Watertight Report and having a single-tier water and wastewater systems in our local roadways it would include the Region of York into Newmarket's annual capital budget process. Providing our resident customers with a clear service delivery approach within our right-of-ways is critical to the success of this approach. Implementing the Watertight Report will serve to provide confusion to our residents and now involve two levels of government in local capital budget matters that may have conflicting budgeting and/or project priorities. More importantly the Region is not currently structured nor staffed to provide service delivery at the local level.

Recommendation 5.1 proposes an amendment to the Municipal Act to allow municipalities to form corporations to deliver water and wastewater services or to have shared ownership of these corporations between more than one municipality.

Recommendation 5.2 would create a board of directors to run the new corporation and two thirds of the board would be drawn from the private sector and one third from local municipal councils.

Recommendation 6.1 which would create a new "Ontario Water Board" (OWB) that would oversee the water and wastewater sector in Ontario. The OWB would report to the Legislature through the Ministry of the Environment.

Recommendation 6.3 which proposes that the OWB should normally require an update of business plans only every five years with any proposed material change to the plan before the end of the five year period be submitted to the OWB for approval

Staff does not support Recommendations 5.1, 5.2, 6.1 and 6.3 since they add another approval process that should be the responsibility of the M.O.E. In addition, Staff believe that locally elected Council representatives are an effective way of ensuring that this essential service remains accountable to the public. The Ontario Municipal Water Association (OMWA) suggests that these recommendations, if adopted by the Province, would be the first step in dismantling public ownership of the water and wastewater infrastructure.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

Water and Wastewater initiatives set out in the Safe Drinking Water Act (SDWA) and the Sustainable Water and Sewage Systems Act (SWSSA) respectively have a considerable impact on the Corporate Strategic Plan developed by staff and Council. Through the provision of well maintained water quality distribution and wastewater collection systems meeting the needs and expectations of our residents, the municipal water and wastewater systems have a reflection on all four areas of the strategic plan.

CONSULTATION

No public consultation was required for this report.

BUDGET IMPACT

Operating Budget (Current and Future)

As previously stated, the transfer of responsibility for water distribution from the local municipalities would have unprecedented impacts on the operating and capital budgets of the

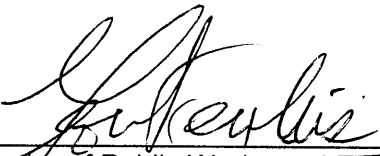
municipality. The staff, equipment and material resources used by the Town of Newmarket to support the water and wastewater systems are integrated with other operational requirements and removing them from the organization would seriously impact the operational efficiency and financing of the Town of Newmarket. A determination of the impacts on operating budgets and tax rates would require a considerable amount of research and analysis.

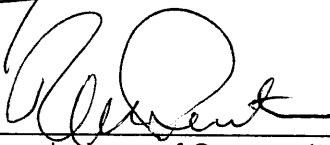
Capital Budget

The impact of the transfer of responsibility for water distribution from local municipalities would also have considerable impact on the financing and implementation of capital projects. A determination of the impacts on the capital budgets and also the operating budgets would require a considerable amount of research and analysis.

CONTACT

For more information on this report, contact: Jim G. Koutroubis, B.Eng., P.Eng., Director of Public Works and Environmental Services @ Extension 2501.



Director of Public Works and Environmental Services

Commissioner of Community Services : jgk/wm

Appendix "A"

Newmarket's Perspective on Water Expert Panel Recommendations

Recommendation	Newmarket Response
Recommendation 4.1 The Province should require, under sections 3, 4, 9, 10 and, if necessary, 11 of SWSSA, the creation of business plans for submission to the Ontario Water Board. These plans should be produced by the single-tier municipalities not located with the boundaries of a county; by regional municipalities; and by counties, working in cooperation with the lower-tier municipalities and separated single-tier municipalities within their boundaries.	▪ Business Plans are essentially consolidated capital and operating budgets and not true Business Plans. ▪ We disagree with forcing consolidation. The province should establish what levels of service should be attained and let the service providers determine the best approach to providing the service.
Recommendation 4.2 The geographical basis of a business plan may, if agreed with the relevant jurisdiction(s), extend beyond the boundaries of the county, single-tier municipality or regional municipality, and should contain wherever possible a minimum of 10,000 customers.	▪ We disagree with forced consolidation. ▪ We currently have servicing agreements across municipal boundaries that are working well for all parties. No changes required to current system to achieve the noted benefits.
Recommendation 4.3 The business plan should be consistent with all requirements of SWSSA and SDWA, with provincial growth management policy, and with municipal official plans; should include a governance, financial and accountability model and a proposed rate structure; and should take into account: ▪ efficiencies available through technological choice and innovation as well as economies of scale and scope; ▪ efficient provision of service, including existing or revised contracting possibilities; ▪ natural economic communities, such as centres which draw commuters from the surrounding area; ▪ management of septage on a county or multicounty basis; and ▪ the governance principles in Recommendations 5.1 through 5.5	▪ The immediate needs of the industry are to implement the legislation as soon as possible. Once the initial data and financial plans are prepared, these other matters may be considered. ▪ Many of these matters are management issues and should not be written into legislation. ▪ Good management and good stewardship is not a function of size but are established by having the right people managing and operating the systems.
Recommendation 4.4 The business plan should be approved by	▪ Disagree that the Region should be

Recommendation	Newmarket Response
county or regional municipal council and by the council of any included separated city and submitted to the Ontario Water Board by June 30, 2007.	involved the provision of local water distribution and wastewater collection services. Implement the SDWA and SWSSA as soon as possible.
Recommendation 4.5 The Water Board may require deficiencies in a business plan or group of business plans to be made good, without relaxing the time line, before it accepts the business plan(s) and begins detailed analysis.	Disagree with the establishment of the Ontario Water Board. Responsibilities should be performed by the M.O.E.
Recommendation 4.6 The Water Board should no later than June 30, 2008 render a decision on the business plan. Where, despite requests for the repair of deficiencies, an adequate plan has not been submitted, or the Board does not approve the plan that was submitted, the Board may exercise the powers under section 12 of SWSSA.	We should be moving to implement the SDWA and SWSSA as soon as possible in 2008.
Recommendation 4.7 Section 54 of the OWRA should be repealed.	Support this to the extent that is doesn't cause problems with the interconnection of water basins.
Recommendation 4.8 The principal municipality in each cluster in the North should take the lead in developing the business plan, following the process and time frame set out in Recommendations 4.1 through 4.6 and involving municipalities and local services boards, and First Nations communities in the cluster as appropriate.	No Comment
Recommendation 4.9 The Municipal Act should be amended to give all Regional Municipalities exclusive jurisdiction over all elements of the water and wastewater sector.	This is forced consolidation for Region. We do not agree with forced consolidation and governance for water distribution and wastewater collection.
Recommendation 4.10 The provincial government should provide onetime financial assistance consisting of a uniform per-customer grant for the total customer base covered by each business plan, to be paid with the Water Board accepts the plan.	Agree with transitional grants.
Recommendation 5.1	

Recommendation	Newmarket Response
The Province should amend O. Reg. 168/03, under the Municipal Act, to allow municipalities to form corporations to deliver water and wastewater services and to own or lease the relevant assets, or to deliver a range of municipal services including water and wastewater, and to make it possible for more than one municipality to share in the ownership of such corporations.	▪ This should not be mandated. ▪ Each service provider should be provided with opportunity to move towards whichever operational solution that suits their jurisdiction best.
Recommendation 5.2 At least two-thirds of the directors of the board of water service should be drawn from private life, with any remainder consisting of appointments from municipal council.	▪ Agree if Board Members are selected by the Municipal Council.
Recommendation 5.3 A shareholder's declaration between the municipal owner and a corporation delivering water services should set out, at a minimum: ▪ The powers, selection and terms of board members; ▪ Reporting and accountability requirements; ▪ Standard of care and diligence (and indemnification when acting in good faith); ▪ The requirement for an annual business plan, annual and quarterly public reporting, and a public annual general meeting; ▪ Actions requiring shareholder ratification, such as the annual business plan, rates, or a dividend policy; ▪ The shareholder's residual power of direction; and ▪ Any other basic matters of operations and policy in which the shareholder is concerned.	▪ Only if the municipality chooses to go with this option.
Recommendation 5.4 Water services should have responsibility for metering, billing and collecting arrangements, and should maintain separate accounts from those of their municipality; water provided to the	▪ Agree. We would note that "market value" should be defined as the cost of providing the direct supporting costs and functions to the water (and wastewater) service.

Recommendation	Newmarket Response
municipality should be priced at the same rate that other customers pay; and all other transactions between the parties, such as overhead, should be priced at market value.	
Recommendation 5.5 All financial flows between water services and municipalities should be reported publicly.	Agree
Recommendation 5.6 The Province should commission and publish basic contract templates for water and wastewater operating ranging from short-term operation contracts to long-term lease and concession agreements.	Example contract templates are helpful. Mandating one contract format is not acceptable since provides no flexibility and there are too many variables to consider.
Recommendation 6.1 The Province should create a new regulatory body called the Ontario Water Board, reporting to the Legislature through the Minister of the Environment, and grant the powers of the Minister under SWSSA to the Board. The Board should analyze and rule on water service business plans and compliance with quality management certification, and may hold hearings, receive submissions and make decisions regarding, among other things, business plans, issues of service quality, abuse of dominant position, and franchise areas.	- Disagree with the Water Board concept as it adds another layer into the approval process. - Responsibility should remain with the M.O.E. - There are already conflicts in the approval vs. operational system currently and this would widen the gap. - Need to have some form of Technical Review Board available for municipalities to challenge MOE directives.
Recommendation 6.2 The Ontario Water Board should require water services to provide information annually about their compliance with its regulatory regime and their financial and service performance, and should ensure that this information is made available to the public in a way that allows meaningful comparisons with the goals set by each water service and the performance of a peer group.	Focus should be on water quality and service provision. Financial matters, to the extent that they are consistent with approved Cost Recovery Plan (under SWSSA), may require some level of reporting.
Recommendation 6.3 The Water Board should normally require an update of business plans only every five years, on a staggered basis; any proposed material change to the plan before the end of the five year period should be submitted to the Board for approval.	- Disagree with the need for the OWB. - The updating of the two reports under SWSSA are required to be updated on a yearly basis (also to be updated if any material change arises)

Recommendation	Newmarket Response
Recommendation 6.4 The Province should amend the Safe Drinking Water Act to include a certification and licensing procedure for wastewater operations on the model of the Drinking Water Quality Management Standard.	▪ Agree
Recommendation 6.5 Once a water or wastewater system operator is licensed under SDWA, and operating under a business plan approved by the Water Board, it should no longer be required to obtain a Certificate of Approval for any system addition or change approved by a professional engineer. Section 43 of SDWA and other references to a certificate of compliance for municipal water and wastewater systems should be repealed.	▪ Agree with the concept ▪ Do not agree with establishing the OWB.
Recommendation 6.6 The Ministry of the Environment should, in consultation with municipalities and water services, create a registry of all non-municipal systems serving between six and 100 users; should identify those that pose the most urgent risks to public health and, working with municipalities and water services, act as quickly as possible to mitigate those risks in the most cost-effective way possible; and should develop a long-term plan to minimize the risks and costs associated with the remaining systems.	▪ Agree
Recommendation 7.1 In addition to ordinary commercial borrowing, corporatized water services should have the power to issue revenue bonds.	▪ Should be pursued with the Financial Industry. ▪ We believe that the lowest cost of borrowing is via Region Debentures and not Infrastructure Ontario (OSIFA). Access to funds should be expanded not reduced.
Recommendation 7.2 After exhausting all other normal means of collection, water services should be able to transfer arrears to the municipality, which would then place the arrears on the property tax roll as a lien on the associated real property that is collectible as taxes.	▪ Agree

Recommendation	Newmarket Response
The amount of the lien should include all outstanding bills, accrued interest, and related legal and collection costs.	
Recommendation 7.3 Water service business plans should be based on a transition to full-cost recovery of not more than five years from initial submission of the business case to the Water Board.	▪ Agree ▪ Do not agree with establishing the OWB.
Recommendation 7.4 The Ontario Water Board should provide guidance to the water sector to ensure consistent application of full-cost recovery regulations and appropriate accounting standards.	▪ The SWSSA already does this. ▪ Do not agree with the OWB. ▪ There is a significant difference between financial planning and accounting. There are proposed changes via PSAB which should not drive how financial planning is undertaken.
Recommendation 7.5 COMRIF and any future grant programs for water or wastewater projects in a sustainable system should be phased out by the start of the 2012 municipal fiscal year. In the meantime, grants should be conditional on the project being in compliance with all relevant legislation and the recommendations of this report, including the recommendations of business planning.	▪ Agree ▪ If phasing out sooner for municipalities with marginal needs creates funding for other municipalities having problems with sustainability, then perhaps the funds should be re-allocated.
Recommendation 7.6 The focus of any water component of provincial and federal infrastructure programs should be unsustainable systems only; funds should not be limited to capital purposes, and should be routinely available once eligibility criteria are met.	▪ Once transitional period is complete, there should be no grants. Having grants encourages municipalities to be unsustainable to access grants.
Recommendation 7.7 OSIFA should focus its efforts on infrastructure needs other than water and wastewater infrastructure.	▪ Disagree. OSIFA or Infrastructure Ontario provides low interest rates but higher Admin Rates, it should be expanded not eliminated. Region Debentures currently offer the best interest rates.
Recommendation 7.8 Where average water and wastewater unit	▪ Not a functional measure. A few years

Recommendation	Newmarket Response
costs in a water service will be more than 2.5 times the provincial average unit cost of production under full-cost recovery, after all possible cost savings, cross-subsidizations and consolidations have been considered, and on the petition of the water service owner, the Water Board should have the power to declare the water service unsustainable and place the relevant assets and liabilities under provincial trusteeship.	ago very few municipalities were moving to full-cost recovery and hence, rates were lower. Today numerous municipalities are phasing in full-cost recovery. Once all municipalities implement full cost pricing, the rates will be even higher.
Recommendation 7.9 The Province should operate and maintain, under contract, unsustainable water services, absorbing all costs above the 2.5 times average threshold, until it has found a way of reducing costs below that threshold; whereupon it may petition the Ontario Water Board for an unwinding of the trusteeship.	▪ See 7.8 ▪ The Province should only be involved in overseeing the management and operations of the water system.
Recommendation 8.1 Metering should be mandatory in all sustainable water systems.	▪ Agree.
Recommendation 8.2 The water rate may include a constant portion, representing the fixed costs of providing the service, and must include a non-decreasing volumetric charge.	▪ Agree.
Recommendation 8.3 Volumetric water rates should not discriminate among industrial, commercial, institutional, residential, recreational, or municipal classes of customer of a water system.	▪ Agree.
Recommendation 8.4 Water service business plans should include an assessment of the costs and benefits of using seasonally varying prices to flatten demand.	▪ Agree but this is only one of many tools used in demand management. If this is to be regulated, why limit it only to pricing?
Recommendation 8.5 A development charge should be used to pay for any increase in capacity that benefits a specific consumer or new group of consumers; where development charges are not available to the water service, business plans must show how expansion will be paid for without burdening existing	▪ All should pay with no exemptions (including the province, federal government, school boards, etc.)

Recommendation	Newmarket Response
customers.	
Recommendation 8.6 In the case of a major industrial development with benefits to the provincial economy as a whole, the Province may elect to pay some or all of the incremental water and wastewater capital costs.	▪ Agree.
Recommendation 8.7 Where the cost of a subsidy from the general customer base to an existing group of residential consumers would be less than the social costs of not providing the subsidy, and as long as the subsidy will not make rates unaffordable to general customers, the general customer base may be used to subsidize service to that group.	▪ Not sure how this will be implemented? ▪ This creates privacy issues when you have to justify the need for the subsidy.
Recommendation 8.8 Wastewater facilities should be able to charge for septage handling and treatment, with charges set out in the rate structure developed through the business planning process.	▪ No Comment.
Recommendation 9.1 MOE should devote additional resources on a continuing basis to assisting in the timely adaptation of innovative technologies and techniques for use in Ontario's water and wastewater sector.	▪ Why should the MOE be evaluating the technologies and also be in an advocacy role? ▪ The MOE should be regulating the water quality issues and leaving the method for attaining the quality, to the local municipality.
Recommendation 9.2 The Ministry of the Environment should ensure that training is more readily available in remote locations, through distance learning, "circuit rider" trainers, accreditation of more qualified institutions or organizations, and recognition of accreditation from other provinces having certification standards similar to those of Ontario.	▪ Agree
Recommendation 9.3 MOE should work with the Ontario Municipal Water Association (OMWA) and the Ontario Water Works Association (OWWA) to assess the need to increase the number of people available to	▪ Agree

Recommendation	Newmarket Response
undertake professional and directional roles in the Ontario water industry, and to offer training and skills upgrading as necessary.	
Recommendation 10.1 The Province should amend the Capital Investment Plan Act to delete reference to OCWA; OCWA should be incorporated under the Ontario Business Corporations Act and have all the ordinary powers, responsibilities and liabilities of a normal OBCA corporation, with the Province as its sole shareholder; OCWA should cease to be an agent of Ontario, and its employees should cease to be members of the Ontario Public Service.	▪ No Comment
Recommendation 10.2 The Province should draft a new Shareholder Declaration setting out the activities, goals and governance of the corporation, which should include the freedom to enter into joint ventures and other arrangements with other sector participants, whether in the public or private sector.	▪ No Comment
Recommendation 10.3 The Province should name a board composed of experienced and competent people from the private sector who have full authority to appoint the chief executive and senior officers of OCWA.	▪ No Comment
Recommendation 10.4 The new board should draw up a strategic plan aimed at achieving OCWA's full potential in its revitalized form in the context of Ontario's reformed water sector and, if it wishes, in other markets as well.	▪ No Comment
Recommendation 10.5 On the basis of its acceptance of the strategic plan, the Province should ensure that OCWA's capital structure is appropriate to the activities it will carry out.	▪ No Comment
Recommendation 10.6 The Province should no longer guarantee the obligations of OCWA nor indemnify its actions; OCWA should pay all normal taxes and be able to make independent	▪ No Comment

Recommendation	Newmarket Response
banking arrangements.	
Recommendation 10.7 Before May 2006, unless a suitable new revenue source for the pipeline appears, the Province should arrange for the wind-up of the New Tecumseth Improvement Society and provincial assumption of its assets and such of its debt as cannot be serviced from reasonable user charges.	▪ No Comment.
Recommendation 10.8 If the Province assumes the pipeline and its debt, it should then arrange for OCWA or another certified operator to operate the pipeline under a long-term lease or concession arrangement, with the contractor having the power to maximize the revenues of the pipeline so long as the effect is not to increase the price of water to Honda beyond what it would otherwise have been, nor to make water rates for other customers unacceptably high, in the view of the Water Board.	▪ No Comment.
Recommendation 10.9 Emergency plans required under SDWA should include arrangements with nearby water services for mutual assistance in emergencies.	▪ York Region municipalities currently assist each other (e.g. Newmarket sent a portable generator to Markham to assist with a sewer blockage problem preventing a large scale sewage spill and damages to Markham residents, a school and businesses.) ▪ Entering into formal contracts may encumber current mutual assist arrangements.

