

Finance, Administration and Audit Committee Report

DATE: Monday, May 06, 2019

WARD(S): ALL

**TITLE: THE LONG-TERM WATER FINANCIAL PLAN, 2020-2031 AS
PART OF THE MUNICIPAL DRINKING WATER LICENCE
RENEWAL**

FROM:

Zoran Postic, Interim Deputy City Manager, Public Works
Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: DECISION

Purpose

Adoption of the City's Long-term Water Financial Plan, 2020-2031, that provides a financially viable and sustainable water distribution system as required by the Safe Drinking Water Act, 2002, Ontario Regulation 453/07 and as part of the City's Municipal Drinking Water Licence Renewal for 2020.

Report Highlights

- The City's Drinking Water Licence is being renewed in 2019 and Council approval of a twelve-year financial plan is required.
- The long-term water financial plan demonstrates the City's financial sustainability of the water distribution system to ensure the continuous delivery of safe drinking water.

Recommendations

1. That the attached Long-term Water Financial Plan, 2020-2031, which demonstrates a viable and sustainable financial plan for the City's water distribution system, be approved; and

2. That a copy of the Council Resolution of the Long-term Water Financial Plan, 2020-2031 be submitted to the Ministry of the Environment, Conservation and Parks and that a copy of the resolution and plan be forwarded to the Ministry of Municipal Affairs and Housing.

Background

The Safe Drinking Water Act (SDWA), 2002, requires that the owner of a municipal drinking water system must apply for renewal of their Municipal Drinking Water Licence (MDWL) every five years. The City's current MDWL will expire in 2019 and, as part of the renewal requirements, a minimum of a six-year financial plan must be created and approved by Council. The City has decided to extend the financial planning horizon over a longer term to ensure full cost recovery for the water distribution system, and will be submitting a twelve-year plan from 2020 through to 2031. This longer-term plan will be reviewed on a regular basis to ensure it continues to align with the City's water program.

Previous Reports/Authority

https://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance1202_13_3.pdf

Analysis and Options

The City currently holds a Drinking Water Works Permit along with a Municipal Drinking Water Licence, both of which are required to operate a drinking water system. The current Municipal Drinking Water Licence expires on June 15, 2019 and therefore the City is required to provide the Province with a Council Resolution indicating approval of a financial plan before that time.

The financial plan must include a:

- Statement of Operations
- Statement of Financial Position
- Statement of Net Financial Assets
- Statement of Cash Flow

The financial plan must be adopted by the Council of the municipality and the resolution must also indicate that the drinking water system is financially viable.

Financial Impact

There is no financial impact as a result of this report, however, the Long-term Water Financial Plan, 2020-2031 will be reviewed during the preparation of the 2020 – 2031 water operating and capital budgets.

Broader Regional Impacts/Considerations

No implications

Conclusion

The financial sustainability of the City of Vaughan's drinking water system has been evaluated in the Long-term Water Financial Plan, 2020-2031. Financial projections have been made based on a series of assumptions, the most important of which includes system infrastructure growth, account growth, future water rates and future water purchase costs. Statements built on these assumptions conclude that the City of Vaughan has a financially sustainable drinking water system.

The Long-term Water Financial Plan, 2020-2031 is a living document and will be reviewed annually to ensure that the drinking water system continues to be financially sustainable and that any necessary adjustments are made as needed to achieve this objective.

For more information, please contact: Jack Graziosi, Interim Director of Environmental Services or Dean Ferraro, Director of Financial Services/Deputy Treasurer.

Attachments

1. Long-term Water Financial Plan, 2020-2031

Prepared by

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