

Town of Collingwood



Water & Wastewater Service Review

Presentation to Council June 22, 2015



DFA Infrastructure International Inc.

Agenda

1. Background Information
2. Overview of Key Business Areas & Observations
3. Recommendations
4. Questions



Background Information

Purpose of Review

Objectives:

- Consider Best Practices & Regulatory Requirements
- Effectiveness and Efficiency
- Opportunities for Improvement

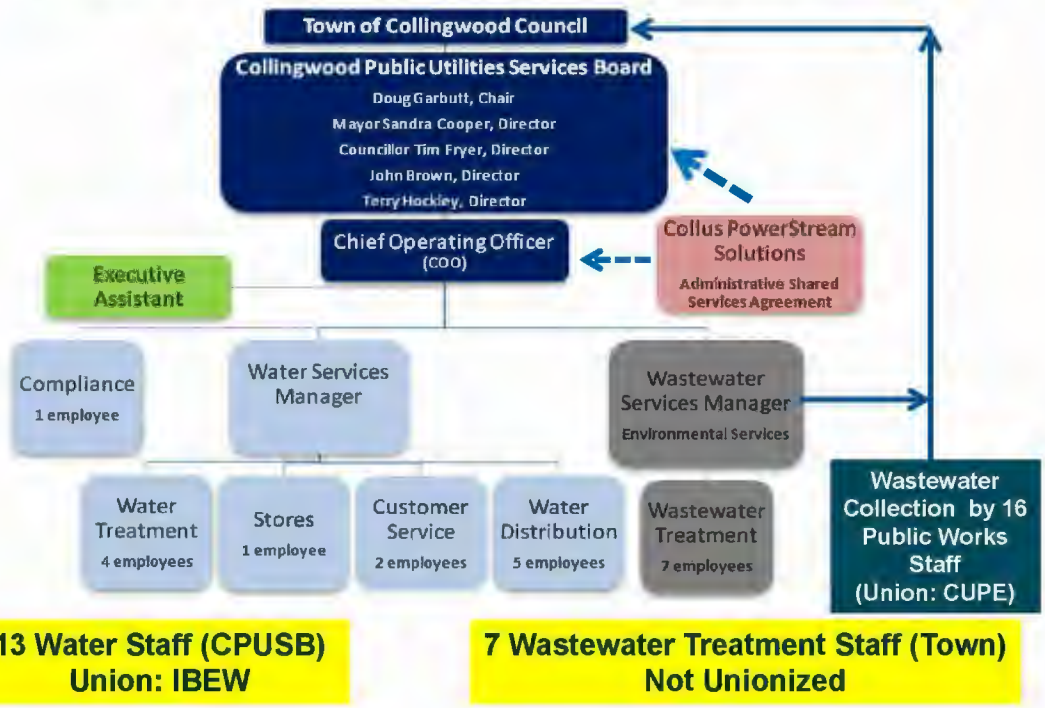
Review Process

- Meetings/ Interviews with CPUSB & Town Staff
- Liaison with former COO & CFO
- Document reviews
- Presentation of Draft on May 19th 2015
- Review of the Draft Report for accuracy by:
 - Members of Council
 - CPUSB Members & Management staff
 - Town Management staff

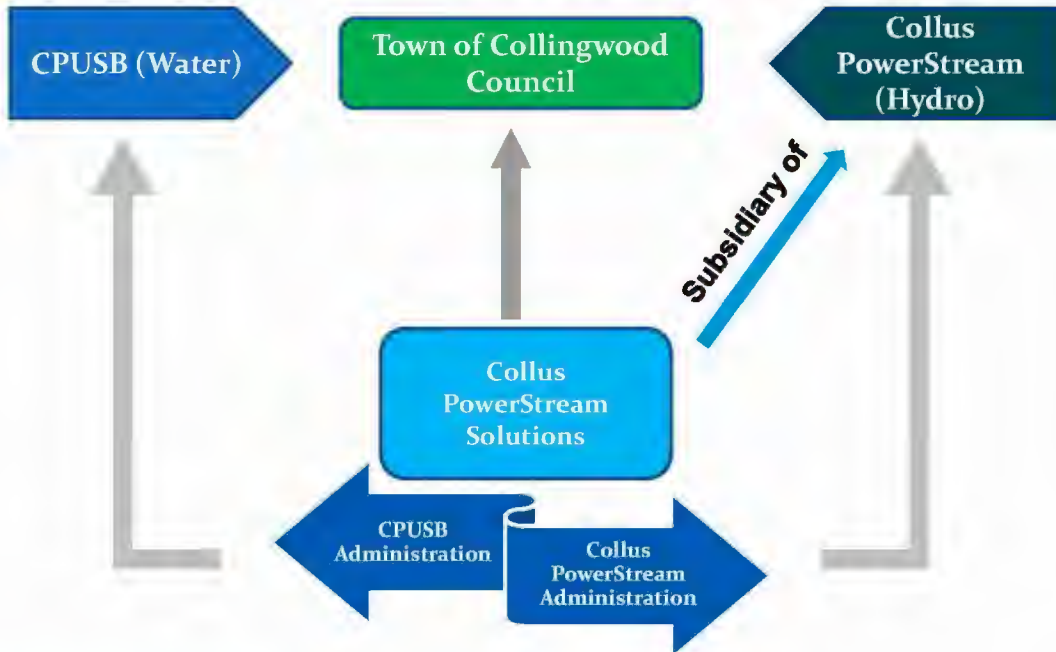
Utility History



Current W&WW Organization Chart



Collus Solutions Service Arrangement



Legislation

- **Municipal Act (23.4)**
 - Finance, Property

- **Safe Drinking Water Act**
 - Section 19: Standard Duty of Care
 - Section 14(2): Delegation of Duty
 - O.Reg. 170/03: Water Quality
 - O.Reg. 243/07: Lead Testing
 - Other: DWQMS, Financial Plans, etc.

- **Water Opportunities Act**
 - Water Conservation, Asset Management

Legislation

- **Ontario Underground Infrastructure Notification System Act**
 - Locates (ON1Call)
- **Environmental Protection Act**
- **Health & Safety Act**
- **Town By-Laws 2012-096 & 2015-006**

Infrastructure

Water System Components	
Source Water	Submerged surface water intake from Nottawasaga Bay
Treatment	RAB Ultrafiltration Plant (Class 2) with a capacity of 31.14 MLD
Elevated Storage	One (1) Elevated Storage Tank (2250m3)
In Ground Reservoirs	AR Carmichael West End Reservoir (6,800m3)
	RA Davey South End Reservoir (2,500m3)
Booster Stations	Osler Bluff Booster Station
	Georgian Meadow Booster Station
	West End Booster Station
	South End Booster Station
Watermains	158 km of watermains ranging from 100 to 600mm diameter
Wastewater System Components	
Treatment	Conventional Class III WWTP with a capacity of 24,548 m3/D
	Activated sludge
	Phosphorous removal
	Ultraviolet (UV) Disinfection
	Effluent discharge to Collingwood Harbour
	Liquid land application of sludge
Sewage Pumping Stations	Seven (7) Sewage Pumping Stations
Sewer mains	92 km of sewer mains

Source: Asset Management Plan & CPUSB Business Plan 2015-2017

Plant Capacity, Use & Revenues

Description	MLD	m3/day	%
<i>Plant Capacity</i>	31.14	31,140	100%
Collingwood	13.42	13,422	43%
New Tecumseth	9.50	9,502	31%
Blue Mountains	2.06	2,061	7%
<i>Current Capacity Usage</i>	24.99	24,985	80%
<i>Remaining Capacity</i>	6.16	6,155	20%

Municipality	Volume Sold (m3)	%	Revenues	%
Collingwood	3,159,112	45%	\$ 3,967,247	75%
New Tecumseth	3,445,132	49%	\$ 1,099,538	21%
Blue Mountains	372,247	5%	\$ 227,071	4%
<i>Total</i>	6,976,491	100%	\$ 5,293,856	100%

Sources: Historical WTP Volumes Records, Financial Statements, 2014 & 2014 CPUSB Business Plans

Other Information

- Asset Renewal (2014- 2022) based on AMP:
 - \$15.9 Million (WTP, Reservoirs)
 - \$2.4 Million (Watermains)
 - \$24.3 Million (WWTP, Sewage Pumping Stations)
 - \$9.2 Million (Sewermain replacement)
- Leakage Index = 1.99 i.e. Good
- Meet DWQMS /ISO compliance requirements
- The external facilities in good condition



Staffing/Human Resources

Human Resources Management

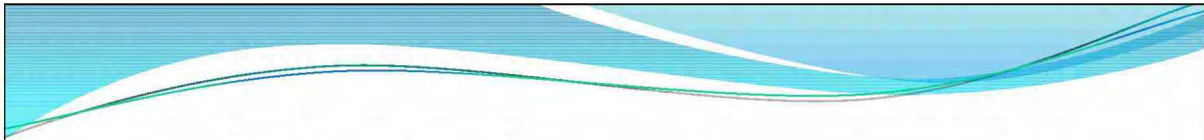
- Water is headed by HR Manager:
 - Collus Solutions Position
 - On CPUSB Executive Team
 - Executive Assistant to CEO PowerStream
- Wastewater headed by Town's Manager Human of Human Resources
- Water Staff – IBEW Agreement (Aug 31, 2017)
- Wastewater Treatment Staff – Non-Union
- Wastewater Collection Staff – CUPE (April 30, 2017)

Observations

Item	Observations
HR Manager (Collus Solutions/ CPUSB/ PowerStream EA)	<ul style="list-style-type: none"> • Does not support accountability and transparency • 2 managers compared to 1 in other municipalities
By-Law 2012-096	<ul style="list-style-type: none"> • Transferred Wastewater to the CPUSB but not explicit on wastewater employees transfer
Wastewater Collection	<ul style="list-style-type: none"> • Done by Public Works staff – cannot be transferred to CPUSB
Wastewater Treatment Staff	<ul style="list-style-type: none"> • Town employees - Do not believe they should be accountable to the CPUSB • Does not affect their work obligations • Not interested in becoming unionized
Health & Safety	<ul style="list-style-type: none"> • No incidents • WW treatment staff attend CPUSB meetings as a “guest” but reports to Town’s OH&S Coordinator
Grievances	<ul style="list-style-type: none"> • None
Retirements	<ul style="list-style-type: none"> • Succession Plan needed – cross training etc.

Observations

Item	Observations
Water Staff Levels	<ul style="list-style-type: none">• Staff stretched due to vacations etc.• Challenge keeping up with:<ul style="list-style-type: none">-Hydrant maintenance (1600)-Locates requests (2400)-Water meter checks- Valve turning• Need one (1) additional FTE• Retirements within 2-5 years (Succession Plan)
Wastewater Staff Levels	<ul style="list-style-type: none">• Staff stretched due to vacations etc.• Retirements within 2-5 years (Succession Plan)



Finance

Finance

- Water is headed by CFO:
 - Collus Solutions Position
 - On CPUSB Executive Team
 - Responsible for Water Budget
- CPUSB approves Water Budget & submits to Town for final approval
- COO presents Business Plan once/year to Council
- Wastewater headed by Town's Treasurer
 - Responsible for Wastewater Budget

2015 Water Operations Budget

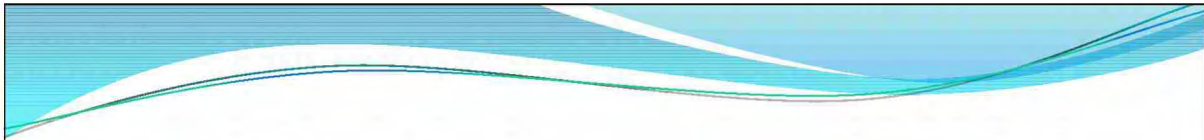
Item	Budget
<u>Revenues – Sale of Water</u>	\$ 5,655,151
<ul style="list-style-type: none"> • Collingwood = \$ 4,225,485 • The Blue Mountains = \$ 229,352 • New Tecumseth = \$ 1,058,344 • Process Water = \$ 141,970 	
<u>Revenue s– Other</u>	\$ 1,140,317
<ul style="list-style-type: none"> • Includes: Wastewater Admin Charge =\$ 378,797 • Excludes: Hydrant Charges = \$ 148,800 	
Total Revenues	\$ 6,795,468
<u>Expenses</u>	\$ 4,986,808
<ul style="list-style-type: none"> • Treatment = \$ 1,453,828 • Distribution = \$ 1,341,512 • Administration & General = \$ 1,769,919 • Customer Billing & Collection = \$ 421,548 	
Net Revenues	\$ 1,957,460

Water Finance

- All debt & front end financing managed by Town
- Administration Building: CPUSB rents from Town and sub leases to Collus (\$216,000/year)
- Property lease – Rail ROW for watermain (\$92,000)
- Between 2013 and 2014 - Decrease of approximately \$295,300 in the annual revenue from The Blue Mountains due to an adjustment in the contract purchase volumes
- Annual Surplus: \$103,300 in 2015 to \$577,900 by 2017 (including Amortization and Interest) but would be reduced by approximately \$148,000 in 2015 due to the loss of hydrant revenues resulting in a deficit

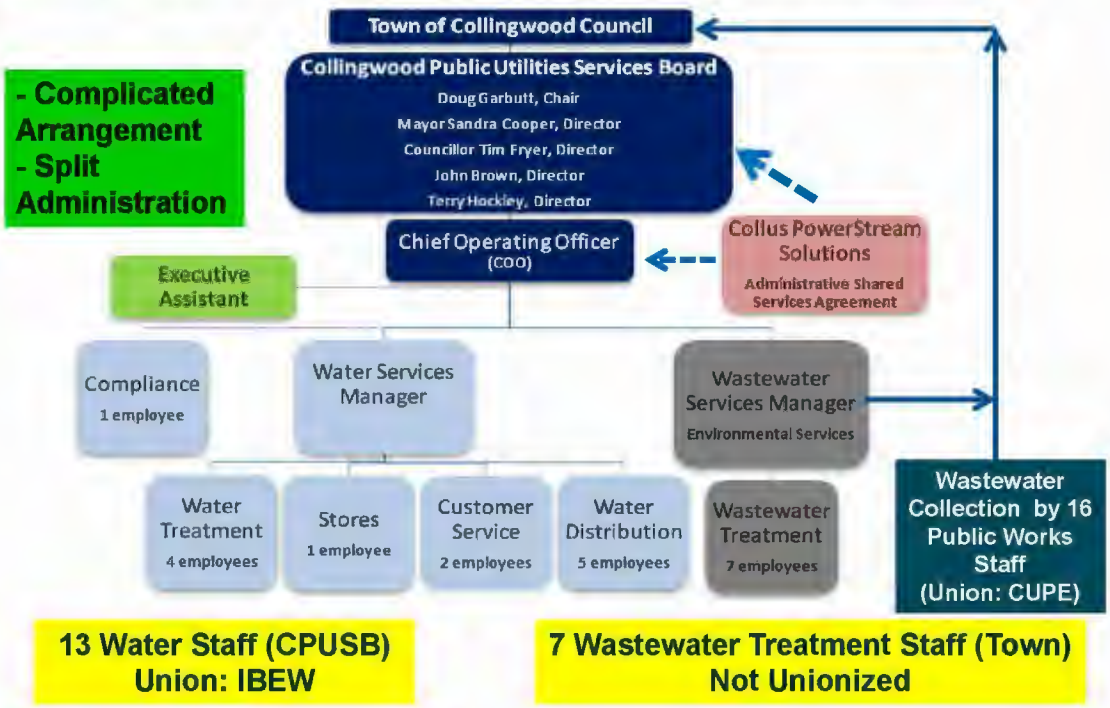
2015 Wastewater Operations Budget

Item	Budget
<u>Revenues – Sewer Rates</u>	\$ 6,960,038
<u>Revenue s- Other</u>	\$ 695,831
• Clearview Contract =\$ 298,664	
• Other = \$ 397,167	
Total Revenues	\$7,655,869
<u>Expenses – Collection System</u>	\$ 2,556,130
• Includes Town Admin= \$ 270,000	
• Includes Debt Repayment = \$ 1,799,202	
<u>Expenses – WWTP & SPS</u>	\$ 3,315,878
• WW Admin Charge by CPUSB = \$ 378,797	
• Clearview WWTP = \$ 298,664	
• Plant & SPS = \$ 2,638,417	
Total Expenses	\$ 5,872,008
Net Revenues	\$ 1,783,861



Administration

Current W&WW Organization Chart



Town's Administrative Role

- All debt & front end financing – W&WW
- Wastewater budget & accounting
- All wastewater HR matters
- Wastewater customer service – locates, laterals, etc.
- Engineering, project management – W&WW
- Asset management, Master Servicing, DC Studies, Application reviews
- Reporting to Council – W&WW

CPUSB's Administrative Role

CPUSB Staff:

- Water customer service – locates, meters, etc.
- Application reviews
- Reporting to Board – Water

Collus Solutions Staff:

- Water budget & accounting
- All water HR matters
- Engineering, GIS – Water

CPUSB's Direct Administrative Cost

Activity	FTE	2014 Budget	2014 Actual	2015 Estimate
Board Expenses		\$ 30,000	\$ 28,745	\$ 30,750
Annual Audit Fees		\$ 24,000	\$ 14,865	\$ 24,600
Administration Staff Costs	4	\$ 365,900	\$ 281,007	\$ 487,596
Total	4	\$ 419,900	\$ 324,617	\$ 542,946

Source: CPUSB Budget and Staff Salary Breakdown provided by CFO

Collus Solutions Cost Drivers

Activity	Cost Allocation Driver	Allocation to the CPUSB (%)
Accounting	Actual Estimate of Time per Duty	48% - 50%
Billing & Collecting + Water Payables	No. of Customers + Actual Time on Water	62%
Billing & Collecting	No. of Customers	40%
Customer Service	No. of Customers	40%
IT - Executive	Actual Estimate of Time per Duty	24%
HR	Actual Estimate of Time per Duty	45%
IT	Actual Estimate of Time per Duty	5%-35%
IT+ SCADA+ Building Ops	Actual Estimate of Time per Duty	27%
IT+ GIS	Actual Estimate of Time per Duty	21%
Regulatory+Billing & Collecting+CDM	Actual Estimate of Time per Duty	24%

Source: Current Standard Distribution Profiles provided by CFO

Allocation Method is at Collus Solutions' Discretion

Collus Solution's Charge to CPUSB

Blended with CPSUB's Budget

Description	December 2015 Budget	December 2014 Budget	December 2014 Actual
Management Fee - Solutions	\$120,000	\$120,000	\$120,000
Wages & Stores - Burden	\$117,140	\$114,282	\$139,676
Wages - Accounting	\$168,545	\$136,500	\$153,675
Wages - Customer Service	\$77,285	\$75,400	\$75,518
Wages - Billing	\$43,973	\$42,900	\$53,429
Wages - Collecting	\$22,653	\$22,100	\$20,676
Wages - GIS / Engineering	\$26,000	\$53,300	\$25,302
★ Wages - Executive	\$0	\$32,000	\$27,864
Wages - HR	\$46,638	\$45,500	\$54,844
Wages - IT	\$73,288	\$71,500	\$62,421
Wages - Scada/Bldg	\$12,556	\$12,250	\$10,712
	\$708,076	\$725,732	\$744,117

Source: Breakdown of Solutions Charge provided by CFO

- \$17,600

+\$18,400

Charge According to Collus' 2015 Budget

- Method used to calculate the Charge is:

$$\text{Salaries Allocated to the CPUSB} \times 1.45 = \$720,000$$

- The amount in CPUSB Budget = \$708,000
- Difference = \$12,000

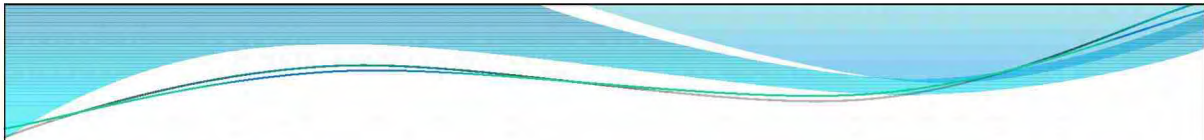
Wastewater Administration Charge

Administration Cost Item	Annual Allocation to Wastewater
Billing & Collecting	\$ 185,887
Direct Administration Costs (Board expenses, Collus Solutions wage burden, Office Supplies & Executive Wages)	\$ 151,313
Office Facility Costs	\$ 57,981
Information Technology (IT)	\$ 59,574
Asset Use (Computers, furniture, software & 43 Stewart Road)	\$ 31,117
Total Annual Cost	\$ 485,872

- Phased in by 2017
- Only \$185,000 in 2014
- \$597,000 by 2017
- \$675,000 by 2022

Observations

Item	Observations
CFO(Collus Solutions/ CPUSB)	<ul style="list-style-type: none"> • Does not support accountability and transparency • 2 managers compared to 1 in other municipalities
Collus Solutions' Charge	<ul style="list-style-type: none"> • Sole discretion of Collus Solutions • Allocation vs. Fee-for -Service as per Agreement • Over estimate - Town administers wastewater • Increases exceed reasonable inflation
Town & CPUSB Administration	<ul style="list-style-type: none"> • Duplication in Finance, HR, Customer Service, Locates, GIS, Administrative support



Recommendations

Recommendations

VOLUME / CAPACITY & AGREEMENTS

- ¹ Review Agreements to ensure Full Cost Recovery (including future expansion of WTP) & consider adding a premium

Recommendations

PROPERTY MANAGEMENT	
3	All property matters including the rail land, maintenance and the future use of corridor be the responsibility of the appropriate Town department (Municipal Act)
INFRASTRUCTURE	
4	Review the and confirm the cast iron watermain funding needs to ensure that any future liability is addressed

Recommendations

STAFFING

- 5 Consolidate water and wastewater staff under the same organization:
 - Synergies, cross training, coverage, succession
 - Clarity to WW Treatment Staff
 - Efficiencies of single administration – Best Practice
- 6 One (1) Compliance Officer for both W&WW

Recommendations

ADMINISTRATION CHARGES

- 7 The reasonableness and amount of the wastewater administration charges by the CPUSB to the Town should be checked and confirmed
- 8 The Collus Solutions charge to the CPUSB on an allocation basis as opposed to a fee for service basis should be reviewed for consistency with the service agreement

Recommendations

ADMINISTRATION

- 7 Return the current water and wastewater operations to the Town for the following reasons:
- Clear Accountability & Transparency
 - Cost Effectiveness

Advantages:

- Clear line of accountability & transparency
- Direct control by Council – Standard Duty of Care
- Could continue to service external customers
- More efficient coordination of projects, studies, technical reviews, etc.
- Opportunity to consolidate and cross train staff to address workload increases, retirements and succession planning

Recommendations

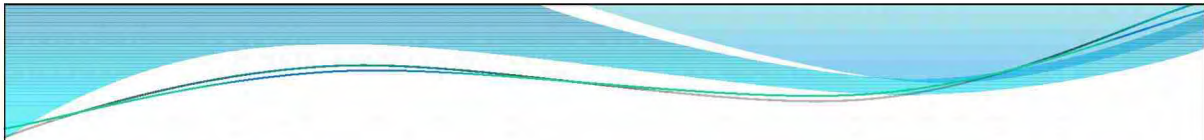
ADMINISTRATION

Advantages:

- High level estimates of the potential cost reductions and cost additions would result in a savings of approximately \$706,000
- If water and wastewater cannot be accommodated within Public Works Department & Engineering, then additional cost = \$148,000 (Director)
- Reduced Wastewater Admin Charge
- Reduction in staff time and administration required to coordinate between the two entities (less complex)

High Level Potential Savings

Administration Cost Item	2015 Budget	Potential Cost Reductions/Additions
Potential Cost Reductions		
<i>Direct Administration Costs</i>		
Board Expenses	\$ 30,750	\$ 30,750
Annual Audit Fees	\$ 24,600	\$ 24,600
Administration Staff Costs (4 Positions)	\$ 487,596	\$ 487,596
Subtotal	\$ 542,946	\$ 542,946
<i>Collus Solutions Charge to CPUSB</i>		
Management Fee - Solutions	\$ 120,000	\$ 120,000
Wages & Stores - Burden	\$ 117,140	\$ 117,140
Wages - Accounting	\$ 168,545	\$ 168,545
Wages - Customer Service	\$ 77,285	\$ 77,285
Wages - Billing	\$ 43,973	\$ 43,973
Wages - Collecting	\$ 22,653	\$ 22,653
Wages - GIS / Engineering	\$ 26,000	\$ 26,000
Wages - Executive	\$ -	\$ -
Wages - HR	\$ 46,638	\$ 46,638
Wages - IT	\$ 73,288	\$ 73,288
Wages - Scada/Bldg	\$ 12,556	\$ 12,556
Subtotal	\$ 708,076	\$ 708,076
Total Potential Cost Reductions	\$ 1,251,022	\$ 1,251,022
Potential Cost Additions		
<i>Added Administration Costs to be Incurred by Town</i>		
Audit Fees	\$ -	\$ 4,000
Billing	\$ -	\$ 43,973
Collections	\$ -	\$ 22,653
Customer Service	\$ -	\$ 77,285
Information Technology (IT)	\$ -	\$ 73,288
SCADA/ Building	\$ -	\$ 12,556
Engineering/ GIS	\$ -	\$ 26,000
Subtotal	\$ -	\$ 259,754
<i>Added Staff Costs to be Incurred by Town</i>		
Three (3) Positions Transferred from CPUSB		\$ 284,747
Total Potential Cost Additions	\$ -	\$ 544,501
Potential Net Annual Savings		\$ 706,521



QUESTIONS