

Town of Riverview

COUNCIL REPORT FORM

Presented to: Mayor and Council

Department: Finance

Date: October 18, 2017



Agenda Item: 7b.2

Meeting Date: COW 10/23/2017

For use by Office of the Town Clerk only

Subject: Trans Aqua – Cost Sharing Agreement - Moncton, Dieppe and Riverview

BACKGROUND *Use this section to provide a synopsis of the issue.*

The purpose of this Council Report is to provide additional information in connection with the above noted subject to enable Council to make an informed decision to endorse a Cost Sharing Agreement for sewerage treatment services provided by Trans Aqua (Greater Moncton Waste Water Commission).

The creation of this Agreement was precipitated by the desire to address several governance issues identified at the Greater Moncton Waste Water Commission (GMWWC) a few years ago. A great deal of positive progress has been made since it was identified that there were weaknesses in the governance structure at the Commission. Included in these improvements is the creation of a **Service Agreement** between the Commission and the municipalities and, in conjunction with that, a **Sub-Agreement for Cost Recovery of the Commissions Expenses** has also been created.

During the period of this governance review process City of Moncton staff discovered that Moncton was not actually following certain bylaw(s) based upon the methodology it is using to calculate charges to metered customers. In Moncton's case, both residential and Industrial Commercial Institutional (ICI) properties are metered. In the case of both Dieppe and Riverview, residents are charged a fixed dollar rate and metered ICI customers are charged based upon volume. City of Moncton staff became adamant about holding discussions on this issue based upon their belief that the dollar cost per cubic meter should be the same whether flushing your toilet in Moncton, Dieppe or Riverview. On the surface that premise may not seem unreasonable but there are many services provided by each of the three individual municipalities to its rate payers that are provided at different rates, fees, etc., not the least of which are water and sewer fees, as well as property taxes as a whole. Currently, Riverview and Dieppe have the same per cubic meter sewer treatment rate as each other while Moncton's rate is higher.

The Director of Finance has been involved in discussions for the past two years concerning Moncton's claim that it is paying more than its proportionate share of the Trans Aqua costs based upon its billing methodology. All funds collected were provided to Trans Aqua and used to fund its budget. This issue is relatively insignificant for Riverview as it impacts only the metered customers; Riverview has only about 300 meters out of a total of approximately 7,000 total properties in the Town.

Dieppe vigorously presented opposing viewpoints to Moncton's claim (supported by Riverview) during these discussions as the financial impact to Dieppe is significantly larger than the financial impact to Riverview. *See Financial Considerations section below for details.*

During discussions it was suggested that the City of Moncton could reduce its rate to match those of Riverview and Dieppe, thereby accomplishing the goal of consistent rates billed by all three members of the tri-community. Trans Aqua indicated this would not be acceptable to the Board as the funds are simply flowed through and would be lower, leaving a shortfall in its budget requirements. The General Manager indicated that Trans Aqua needs to remain whole and not be financially impacted by any adjustments (by municipalities) to the Cost Recovery Agreement. Trans Aqua has also reiterated its commitment to maintain the basic residential rate of \$210.00 for so this is not a viable option to address any consequential shortfall in Trans Aqua funding at this time.

After prolonged discussions and negotiation it was agreed by the Town's Director of Finance (after discussion with the CAO) to support the proposed new cost sharing agreement. This was predicated on unanimous agreement to phase in the additional costs associated with this change over a two year period commencing in budget year 2018.

CONSIDERATIONS *Use this section to outline applicable areas that will be affected.*

Legal: *Outline any legal implications that may be caused by the initiative.*

N/A

Financial: *Outline the financial implications of the initiative.*

See attached document for analysis and information.

Policy: *Outline any current policies that would affect the initiative and how they would affect it.*

N/A

Stakeholders: *List any stakeholders that would be affected by the initiative.*

Town Council, staff, metered rate payers and Trans Aqua

Strategic Plan: *List any goals that the initiative will be addressing.*

NA

Interdepartmental Consultation: *Outline any collaboration that has or will take place between departments.*

Reviewed with the CAO.

Communication Plan: *If the initiative requires public notification, outline how and when this will happen.*

To be discussed during public budget deliberations.

OPTIONS *Provide 2/3 options for Council to consider.*

- 1) Accept the proposed rate increase(s) negotiated by staff**
- 2) Do not accept the proposed rate increases and inform Trans Aqua**

If Council chooses Option 2 and does not accept the proposed rate increase this will result in protracted discussions requiring considerable staff time commitments with potential for strained relations with tri-community municipal counterparts as well as Trans Aqua.

RECOMMENDATION FROM STAFF *Provide your recommendation to Council.*

Based upon the limited number of customers impacted, staff recommends Option 1 to accept the proposed Cost Recovery Agreement and move forward.

Prepared by: Robert Higson, CPA, CA

CAO Approval: C. Smith

Date of Approval: Oct 19, 2017