

Agenda

Elgin Area Primary Water Supply System

Joint Board of Management

4th Meeting of the Elgin Area Primary Water Supply System Joint Board of Management
October 1, 2026, 5:00 PM
Committee Room #5

Pages

1. Call to Order

2. Indigenous Territorial Acknowledgement

The Elgin Area Water Supply System and its benefiting municipalities are situated on the traditional lands of the Anishinaabek (Uh-nish-in-ah-bek), Haudenosaunee (Ho-den-no-show-nee), Lūnaapéewak (Len-ah-pay-wuk) and Attawandaron (Add-a-won-da-run) peoples. We honour and respect the history, languages and culture of the diverse Indigenous people who call this territory home. This region is currently home to many First Nations, Inuit and Métis people today and we are grateful to have the opportunity to live and work in this territory.

3. Disclosures of Pecuniary Interest

4. Recognitions and Comments from the Chair

5. Adoption of Minutes of the Previous Meeting(s)

5.1 Minutes of the 3rd Meeting held on June 4, 2026

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6. Communications and Petitions

7. Motion of Which Notice is Given

8. Reports and Added Reports

8.1 Recommended Items for Consent

a. Quarterly Compliance Report (2nd Quarter 2026: April - June)

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b. Environmental Management System and Quality Management System

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13.	Closed Session	
13.1	Personal Matters About Identifiable Individual/Litigation/Potential Litigation/Matters Before Administrative Tribunals	
	A matter pertaining to personal matters about an identifiable individual, including municipal or local board employees and litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.	
14.	Upcoming Meeting Dates	
	January 21, 2027	
15.	Adjournment	

Elgin Area Primary Water Supply System Report

3rd Meeting of the Elgin Area Primary Water Supply System
June 4, 2026

Attendance: PRESENT: P. Barbour (Chair); J. Adzija, J. Herbert, S. Hillier, K. Loveland, E. Peloza, J. Preston, S. Stevenson and A. Miller (Acting Committee Clerk)

ALSO PRESENT: J. Bechard, J. Bunn, B. Haklander and A. Henry

1. Call to Order

That it BE NOTED that the meeting was called to order at 5:01 PM.

2. Indigenous Territorial Acknowledgement

That it BE NOTED that the meeting was opened with an Indigenous Territorial Acknowledgement.

3. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

4. Recognitions and Comments from the Chair

None.

5. Adoption of Minutes of the Previous Meeting(s)

5.1 Minutes of the 2nd Meeting held on March 5, 2026

HILLIER AND LOVELAND

That the minutes of the 2nd meeting of the Elgin Area Primary Water Supply System Joint Board of Management, from the meeting held on March 5, 2026, **BE NOTED AND FILED. CARRIED**

Motion Passed

6. Communications and Petitions

None.

7. Motion of Which Notice is Given

None.

8. Reports and Added Reports

8.1 Recommended Items for Consent

- a. Quarterly Compliance Report (1st Quarter 2026: January - March)

HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the general, regulatory and contractual obligations of the Elgin Area Primary Water Supply System, for January to March, 2026, **BE RECEIVED. CARRIED**

Motion Passed

- b. Environmental Management System and Quality Management System

HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the Environmental Management System and Quality Management System, **BE RECEIVED. CARRIED**

Motion Passed

- c. Quarterly Operating Financial Status – 1st Quarter 2026

HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the Quarterly Operating Financial Status of the Elgin Area Primary Water Supply System for the 1st Quarter of 2026, **BE RECEIVED. CARRIED**

Motion Passed

- d. Water System Operation - Contract Status Update

HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the Water System Operation - Contract Status Update of the Elgin Area Primary Water Supply System, **BE RECEIVED. CARRIED**

Motion Passed

- e. 2026 State of the Infrastructure and Levels of Service
HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the 2026 State of the Infrastructure & Levels of Service, **BE RECEIVED. CARRIED**

Motion Passed

- f. 2025 Audited Financial Statements and Auditors Report
HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the 2025 Audited Financial Statements and Auditors Report, **BE ACCEPTED and BE RECEIVED. CARRIED**

Motion Passed

- g. Ministry of the Environment, Conservation and Parks Inspection Report

HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the Ministry of the Environment, Conservation and Parks Inspection Report, **BE RECEIVED. CARRIED**

Motion Passed

8.2 Recommended Items for Discussion

- a. Municipal Drinking Water Licence – Consolidated Financial Information

PELOZA AND HERBERT

That, on the recommendation of the Chief Administrative Officer, the consolidated financial information for the purposes of the Municipal Drinking Water Licence renewal application, as appended to the report dated June 4, 2026, **BE APPROVED**;

it being noted that this document is based upon Financial Plan approved by the Board on March 2, 2023 and the approved 2026 capital and operating budgets. **CARRIED**

Motion Passed

- b. Plant Reservoir Expansion Joint Repair

PRESTON AND LOVELAND

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated June 4, 2026, related to the Plant Reservoir Expansion Joint Repair:

a) the addition of a capital project in the 2026 Capital Budget to undertake the Plant Reservoir Expansion Joint Repair project **BE APPROVED** with a budget of \$126,000 to be funded from the Asset Replacement Reserve Fund; and,

b) the above- noted report **BE RECEIVED. CARRIED**

Motion Passed

- c. Schedule C Class Environmental Assessment – Water Treatment Plant Expansion – Consultant Award

PELOZA AND HILLIER

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated June 4, 2026, related to the Schedule C Class Environmental Assessment – Water Treatment Plant Expansion – Consultant Award:

a) the proposal from AECOM Canada ULC for the Schedule C Class Environmental Assessment – Water Treatment Plant

Expansion **BE ACCEPTED** in the amount of \$632,588.00, including contingency (excluding HST), having submitted a proposal which meets the Request for Proposal requirements and was assessed as having the best value;

b) the Chair and the Chief Administrative Officer **BE AUTHORIZED** to execute a consulting services agreement with AECOM Canada ULC to under the Schedule C Class Environmental Assessment – Water Treatment Plant Expansion; and,

c) the above-noted report **BE RECEIVED. CARRIED**

Motion Passed

d. Filter Backwash Sequence Compliance
HILLIER AND PRESTON

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated June 4, 2026, related to the Filter Backwash Sequence Compliance report:

a) the addition of a capital project in the 2026 Capital Budget to undertake a Backwash Sequence Compliance project, with a budget of \$60,000 to be funded from the New Capital Reserve Fund, **BE APPROVED**; and,

b) the above-noted report **BE RECEIVED. CARRIED**

Motion Passed

e. Employee-Led Strategic Plan (2026-2031)
HILLIER AND HERBERT

That, on the recommendation of the Chief Administrative Officer, the report dated June 4, 2026, with respect to the Employee-Led Strategic Plan (2026-2031) and the associated presentation as appended to the Agenda, **BE RECEIVED. CARRIED**

Motion Passed

f. Indemnification By-Law
HERBERT AND HILLIER

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated June 4, 2026, related to the Indemnification By-Law:

- a) that the proposed by-law, being a bylaw to provide for the indemnification and defense of Members of the Joint Board of Management and seconded staff of The Corporation of the City of London against liability incurred while acting on behalf of the Elgin Area Primary Water Supply System and its Joint Board of Management, **BE ACCEPTED** and **BE INTRODUCED** at the June 4, 2026, meeting for adoption; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

Motion Passed

g. Procurement of Goods and Services and Disposal of Assets Policy
HILLIER AND PELOZA

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report dated June 4, 2026, related to the Procurement of Goods and Services and Disposal of Assets Policy:

- a) the proposed amendment to the policy, being the Procurement of Goods and Services and Disposal of Assets Policy for the Elgin Area Primary Water Supply System as appended to the above-noted report, **BE ACCEPTED** and a by-law **BE INTRODUCED** at the June 4, 2026, meeting to amend the policy; and,
- b) the above-noted report **BE RECEIVED. CARRIED**

Motion Passed

9. Deferred Matters

None.

10. Additional Business and Enquiries

None.

11. Emergent Motions

None.

12. By-Laws

12.1 By-Law No. 4 - 2026

PRESTON AND HERBERT

That Introduction and First Reading of By-law No. 4 - 2026 **BE APPROVED. CARRIED**

Motion Passed

PELOZA AND HILLIER

That Second Reading of By-law No. 4 - 2026 **BE APPROVED. CARRIED**

Motion Passed

HERBERT AND PRESTON

That Third Reading and Enactment of By-law No. 4 - 2026 **BE APPROVED. CARRIED**

Motion Passed

12.2 By-Law No. 5 - 2026

HERBERT AND STEVENSON

That Introduction and First Reading of By-law No. 5 - 2026 **BE APPROVED. CARRIED**

Motion Passed

PRESTON AND HILLIER

That Second Reading of By-law No. 3 - 2026 **BE APPROVED. CARRIED**

Motion Passed

HERBERT AND HILLIER

That Third Reading and Enactment of By-law No. 5 - 2026 **BE
APPROVED. CARRIED**

Motion Passed

13. Closed Session

None.

14. Next Meeting Date

October 1, 2026

15. Adjournment

STEVENSON AND LOVELAND

That the meeting **BE ADJOURNED. CARRIED**

Motion Passed

The meeting adjourned at 5:42 PM.

Board of Management Report

Subject: Quarterly Compliance Report (2nd Quarter 2026: April - June)

Overview:

- There were no adverse water quality incidents (AWQI) reported during this quarter.
- There are no new or proposed regulatory changes which might have a significant impact on the system.

Recommendation

That the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information.

Background

Pursuant to Board of Management resolution, this Compliance Report is prepared on a quarterly basis to report on general, regulatory, and contractual compliance issues relating to the regional water system. For clarity, the content of this report is presented in two basic areas, namely regulatory and contractual, and does not intend to portray an order of importance or sensitivity nor is it a complete list of all applicable regulatory and contractual obligations.

Discussion

Regulatory Issues

Recent Regulatory Changes: At the time of drafting this report, there are no new regulatory changes for this reporting period which may significantly impact the Elgin Area Primary Water Supply System (EAPWSS).

New Environmental Registry of Ontario (ERO) Postings: At the time of drafting this report, there were no new postings on the ERO that will have a significant impact on the EAPWSS.

Quarterly Water Quality Reports: The [Water Quality Quarterly Report](#) for the period of April 1 – June 30, 2026, was completed by the operating authority and is posted on the Water Systems' website for public information.

Note: In order to better comply with the *Accessibility for Ontarians with Disabilities Act, 2005*, the detailed tables of water quality test results which were previously appended to this Report have been removed. The full list and test results of drinking water quality parameters is posted on the water system's website and available in print at the Board's

Administration Office in London upon request. In addition, the detailed water quality information is also published within the water system's Annual Report required by O.Reg. 170/03 under the *Safe Drinking Water Act*.

Adverse Water Quality Incidents (AWQI): There were no AWQI reported by the operating authority or the external laboratory during this quarter.

Compliance Inspections: There were no compliance inspections conducted during the reporting period.

Contractual Issues

ARTICLE 3, "Operation and Maintenance of the Facilities – General": Board staff informally meets with OCWA on a monthly basis to discuss operations and maintenance related issues, and formally on a quarterly basis to review contractual performance. The 2026 second quarter Contract Report was received from OCWA on July 30, 2026, and was discussed at the quarterly administration meeting between Board staff and OCWA on August 20, 2026. Copies of the monthly Operations and Maintenance Reports, and quarterly Contract Reports are available at the Board's Administration Office in London upon request.

Conclusion

Board staff will continue to review new and proposed legislation for potential impacts to the EAPWSS. Board staff will continue to meet with the operating authority on a regular basis to discuss regulatory and contractual compliance issues, and ensure any non-compliances are addressed in a timely manner.

Prepared by: Erin McLeod, CET
Quality Assurance & Compliance Manager

Submitted by: Jess Bechard, MBA
Senior Manager, Business Administration

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Board of Management Report

Subject: Environmental Management System and Quality Management System

Overview:

- This report provides a summary of Environmental Management System (EMS) and Quality Management System (QMS) activities that took place during the second quarter of 2026 (Q2).
- An EMS internal audit was conducted on May 11 – May 22, 2026, to verify conformance with the ISO 14001:2015 EMS. An EMS Internal Audit Summary Report is included [Appendix A](#).
- A QMS internal audit was conducted on June 04 and 05, 2026, to verify conformance with the Ontario Drinking Water Quality Management Standard (DWQMS). A QMS Internal Audit Summary Report is included as [Appendix B](#).
- A Management Review meeting was held on June 15, 2026. The meeting minutes are attached to this report as [Appendix C](#).

Recommendation

That the Board of Management for the Elgin Area Primary Water Supply System **RECEIVE** this report for information.

Background

Environmental Management System (EMS)

The Elgin Area Primary Water Supply System (EAPWSS) has an Environmental Management System (EMS) which has been registered to the ISO 14001 standard since 2003. The EAPWSS underwent a three-year registration audit in September 2023 and was recommended for registration to the ISO 14001:2015 standard for a three-year period.

The continued utilization and registration of the EMS to the ISO 14001 standard is a requirement of the Service Agreement with Ontario Clean Water Agency (OCWA), the contracted Operating Authority for the EAPWSS.

Quality Management System (QMS)

The existing EMS has been integrated with a QMS that meets the requirements of the province's Drinking Water Quality Management Standard, 2017 (DWQMS). The combined EMS/QMS is maintained by the contracted Operating Authority.

The *Safe Drinking Water Act, 2002* (SDWA) and the water system's Municipal Drinking Water License (MDWL) require that an accredited Operating Authority be in operational charge of the drinking water system. To become accredited, the Operating Authority must implement and maintain a QMS, which includes an Operational Plan, meeting the requirements of the DWQMS, and must undergo yearly external audits.

OCWA successfully received full-scope DWQMS re-accreditation in October 2025 and is currently accredited for the three-year period ending in 2028.

Discussion

Management Review

The documented EMS/QMS and its performance requires Management Review by Top Management for a minimum of once every calendar year to ensure that the Board's management team and the Operating Authority stay informed of environmental and quality related issues. Items discussed at the Management Review meetings include, but are not limited to, water quality test results, environmental and quality performance, legislative changes, identified non-conformances, corrective and preventive actions, staff suggestions, changing circumstances and business strategies, and resource requirements. Corrective and preventive actions include not only those to address non-conformance issues and opportunities for improvement identified as part of internal and external audits, but also non-compliance issues identified by the Ministry of the Environment, Conservation and Parks (MECP), suggestions from staff, and opportunities for improvement identified during the Management Review process.

To carry out more effective Management Review meetings, the Board of Management's administration has opted to conduct shorter meetings at more frequent intervals. Although each required Management Review input may not be covered at every meeting, over the year all required inputs are reviewed at least once. Management Review meetings are held in a combined format for both the EAPWSS and the Lake Huron Primary Water Supply System (LHPWSS).

A Management Review meeting was held on June 15, 2026. The meeting minutes are included as [Appendix C](#) for the information of the Board of Management.

Internal Audits

Pursuant to the international ISO 14001 Standard and the provincial DWQMS, periodic “internal” audits are performed by the Board of Management’s administration to ensure continued compliance with legislated, contractual, and other requirements, as well as conformance with the ISO 14001 Standard and DWQMS. Internal audits also ensure that the ongoing operation of the drinking water system conforms to the EMS and QMS as implemented. As required by the standards, internal audits are performed a minimum of once every calendar year.

An EMS internal audit to verify conformance with the ISO 14001:2015 EMS was conducted on May 11 – May 22, 2026. There was one (1) non-conformance and thirteen (13) opportunities for improvement identified. An EMS Internal Audit Summary Report is included as [Appendix A](#) for the information of the Board of Management.

A QMS internal audit to verify conformance with the Ontario DWQMS was conducted June 04 and 05, 2026. There were no non-conformances and ten (10) opportunities for improvement identified. A QMS Internal Audit Summary Report is included as [Appendix B](#) for the information of the Board of Management.

External Audits

Annual surveillance audits (third-party external audits) are conducted for both the EMS and QMS, with a recertification audit taking place every third year. The external registrar for both the EMS and QMS is currently Intertek. External audits review all aspects of the EMS or QMS, including the scope and results of internal audits, subsequent management reviews, and corrective action processes.

There were no external audits conducted in Q2 2026.

Corrective and Preventive Actions

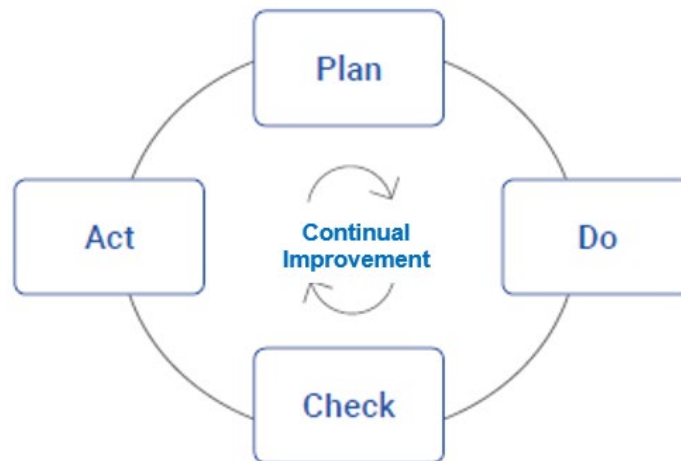
For the EMS/QMS to be effective on an on-going basis, an organization must have a systematic method for identifying actual and potential non-conformities, making corrections, and undertaking corrective and preventive actions, preferably identifying, and preventing problems before they occur. The Internal Audit process and Management Review are the two main drivers for proactively identifying potential problems, opportunities for improvement, and for the implementation of corrective actions for the EAPWSS. Preventive actions may originate from identified opportunities for improvement as part of an audit, but also staff suggestions and discussions with management.

It is important to note that the action items should not be construed as compliance failures, but rather an action to be undertaken which will improve the EAPWSS overall performance.

Action items are the result of the “Plan-Do-Check-Act” continual improvement process. The identification of action items is a critical component of continual improvement and an essential element of management systems. The identification of action items should be seen as a positive element, as this drive’s continual improvement.

A key concept of the Plan-Do-Check-Act continual improvement process (Figure 1) is that it does not require nor expect 100% conformance but promotes an environment of continual improvement by identifying shortfalls, implementing corrective and preventive measures, and setting objectives and targets for improvement.

Figure 1: Plan-Do-Check-Act Continual Improvement Process



The following summarizes the twenty-four (24) new approved action items that have been added to the EMS/QMS action-item tracking system during Q2 2026:

- Ten (10) new action items were added as part of the Management of Change process completed on April 08, 2026, related to the release of the updated DWQMS version 3, dated February 2026.
- Fourteen (14) new action items were added as part of an EMS internal audit conducted on May 11 – May 22, 2026.

As of August 24, 2026, there are currently thirty-three (33) open action items in the EAPWSS tracking system. All action items are prioritized and addressed using a risk-based approach, and deadlines established given reasonable timeframes and resources that are available. The Board of Management staff are pleased with the performance of the corrective and preventive action process and have no concerns with the number of open action items.

Conclusion

The Internal Audits and frequent Management Review meetings continue to effectively identify and manage system deficiencies. The EMS/QMS for the EAPWSS continues to be suitable, adequate and effective. Activities by OCWA continue to address the need for change, and the management systems are being revised and refined as required.

Prepared by: Jennifer Levitt
Compliance Coordinator

Erin McLeod, CET
Quality Assurance & Compliance Manager

Submitted by: Jess Bechard, MBA
Senior Manager, Business Administration

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: [Appendix A](#) - EMS Internal Audit Summary Report (May 11 – May 22, 2026)
[Appendix B](#) - QMS Internal Audit Summary Report (June 04 and 05, 2026)
[Appendix C](#) - Management Review Meeting Minutes (June 15, 2026)

Appendix A: EMS Internal Audit Summary Report (May 11 – May 22, 2026)

Audit Purpose:

The purpose of the audit was to verify conformance with the ISO 14001:2015 Environmental Management Systems standard for the Elgin Area Primary Water Supply System (EAPWSS). Internal audits ensure the EMS is being continually improved.

Auditor Qualifications:

Jennifer Levitt (Lead Auditor) has completed an ISO 14001:2015 Internal Auditor training course and is deemed competent to complete EMS auditing. Erin McLeod has completed an ISO 14001:2015 Internal Auditor Training course. See Certificates in Appendix C.

Methodology:

The Internal Audit was conducted as outlined in procedure EA-ADMIN-1200 Internal Audit of the EMS. The internal audit was comprised of a conformance review of the facilities and limited to the operation of the water supply system by the contracted operating authority, Ontario Clean Water Agency (OCWA), since the last Internal Audit conducted April 24 to May 09, 2025.

Note: The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditors to demonstrate conformance with the ISO 14001:2015 Environmental Management Systems standard. The review and audit should not be construed as a complete and comprehensive review of all aspects/risks and all documents.

FINDINGS

The following is a summary of the audit findings, including positive findings and opportunities for improvement. There were no non-conformances identified during this audit. The detailed audit checklists are attached for further information.

- Appendix A: EF-ADMIN-1200 EMS Audit Checklist (E.McLeod)
- Appendix B: EF-ADMIN-1200 EMS Audit Checklist (J.Levitt)

Definitions:

- A non-conformance is a non-fulfilment of an ISO14001 requirement

- An opportunity for improvement (OFI) describes a requirement that can be more effectively addressed.

Sites Visited:

- Fruitridge Surge Control Facility
- Elgin-Middlesex Pumping Station (EMPS) and Terminal Reservoir
- Elgin Area Water Treatment Plant

Interviews Conducted:

- C.Sigurdson – Safety, Process and Compliance Manager, OCWA
- M.MacKenzie – Senior Operations Manager, OCWA
- N.Wilson – Senior Operations Manager, OCWA
- J.Muller – Top Management, OCWA
- A.Henry – Top Management, RWS
- E.McLeod – Quality Assurance and Compliance Manager, RWS

Summary of Findings

Positive Findings

The 'Workday' training system (OCWA) is being introduced in 2026 to make it easier to track training information. Remote Worker Software (RWS) is also being rolled out to improve safety by enhancing remote worker communication. Security upgrades are underway to better protect facilities and reduce risks. At the same time, plant Wi-Fi is being improved. These updates help systems run more reliably and support better communication and safety.

The recent MECP inspection of the WTP resulted in a 100% rating with no non-compliances, demonstrating strong regulatory compliance and effective system management.

Staff demonstrate good awareness of environmental responsibilities, supported by regular training and accessible procedures.

Previous Management Review Meeting Minutes demonstrate effective communication between all parties through discussions that emphasize continual improvement efforts and completion of OFI's identified in previous EMS Audits.

Non-Conformances

10.2 Nonconformity and Corrective Action

NC#1 - A significant alum spill occurred on March 13, 2026; however, required follow-up actions were not completed by the time of the audit, including initiation of a corrective action form and completion of the ECP-1 contingency plan review/test form.

Opportunities for Improvement (OFIs)

7.4.3 External Communication

OFI # 1 – The EA-ADMIN-1000 Complaints Procedure does not define the criteria for determining when an EMS/QMS complaint is considered “significant,” and there is an opportunity to clearly establish significance criteria to support consistent escalation decisions.

7.5.3 Control of documented information

OFI # 2 – There is an opportunity to update ECP-1 Emergency Management (hardcopy) in the WTP Control Room (version 6.0 present instead of version 7.0, dated November 18, 2025).

OFI # 3 – There is an opportunity to update ECP-2 Emergency Contact & Essential Suppliers & Services List for 2026 staff changes (e.g. M. MacKenzie – OCWA).

OFI # 4 – There is an opportunity to confirm the correct version of EA-ADMIN-1900 Maintenance of Operations (Infrastructure) as there are multiple versions of the document in the Elgin SharePoint site.

8.2 Emergency preparedness and response

OFI # 5 – 200464 – A spill kit was observed to have been used but not replenished and therefore not fully capable of responding to a spill event. While the ESOP-4-02 Chemical Spill procedure requires that spill response materials be ordered following use, it does not define timelines or interim controls to ensure the kit is restored. It should be noted the spill kit was replenished during the audit period.

OFI # 6 – The WTP currently stores 10 chlorine tonners onsite and the most recent E2 submission documents 9 tonners. There is an opportunity to update the E2 Regulatory Filing (Schedule 2) and associated operational documents related to chemical delivery (e.g. EA-PROC-600 Chlorine Gas Delivery (Tonners)).

OFI # 7 – ‘CanManage’ is identified as the designated location for Safety Data Sheet (SDS) access, QR-based SDS access was not available in locations such as the security trailer, where first responders may require immediate chemical safety information. There is an opportunity to provide QR-based access in this location to improve accessibility and operational readiness.

9.1 Monitoring, measurement, analysis and evaluation

OFI # 8 - There are no work orders associated with this asset no. 500530 (flammable storage cabinet at WTP). Monthly inspections are conducted for items such as fire extinguishers and spill kits; however, there is no formal inspection process for flammable storage cabinets. These cabinets store hazardous and flammable materials and may pose environmental and safety risks if not routinely assessed. This presents an opportunity to implement an inspection process to strengthen control measures, aligned with recent Ontario Fire Code updates (effective January 1, 2026) emphasizing consistent management of flammable liquid storage.

OFI # 9 – Asset no. 367504 – Actuator valve (Low Lift WTP) related to an alternate chlorine dosing point – annual inspection required but date not set in Maximo to prompt inspections. The Asset Maintenance Specialist corrected this issue during the audit period and input October 2026 for the first annual inspection which will prompt future annual cycles for October.

OFI # 10 – There is an opportunity to improve the reliability of chlorine consumption data by investigating and resolving SCADA system issues that result in negative weigh scale readings.

9.1.2 Evaluation of compliance

OFI # 11 - There is an opportunity to document the 2025-26 MECP inspection as an env. compliance audit on the Legal Register (under SDWA and associated regs).

OFI # 12 - On the audit schedule, consider including 1 item from the Legal Register that is due for auditing within the next 6 months (e.g. O.Reg. 211/01 Propane Storage and Handling).

9.2.2 Internal Audit Program

OFI # 13 - In the internal audit reports or procedure, consider defining/clarifying how an “observation” differs from an opportunity for improvement (OFI).

Appendix B: QMS Internal Audit Summary Report (June 04 and 05, 2026)

Audit Purpose

The purpose of the Quality Management System (QMS) Internal Audit was to verify conformance with the Ontario Drinking Water Quality Management Standard (DWQMS) Version 2.0 for the Elgin Area Primary Water Supply System (EAPWSS). Internal audits ensure the QMS is being continually improved.

Non-conformances and opportunities for improvement are listed below.

Auditor Qualifications:

Jennifer Levitt completed the training course in DWQMS Internal Auditing. The Internal Auditor certificate is attached in Appendix B.

Methodology:

The Internal Audit was conducted as outlined in QMS Procedure EA-ADMIN-1200 (Internal Audit) and was comprised of a conformance review of the facilities and limited to the operation of the water supply system by the contracted operating authority, Ontario Clean Water Agency (OCWA), since the last Internal Audit conducted June 09 and 11, 2025.

Note: The internal audit was conducted through a review of a sampling of documents, limited interviews, and observations by the auditors to demonstrate conformance with the DWQMS. The review and internal audit should not be construed as a complete and comprehensive review of all aspects/risks and all documents.

Findings:

The following is a summary of the audit findings, including non-conformances and opportunities for improvement.

- Appendix A: EF-ADMIN-1201 QMS Audit Checklist

Definitions:

- A non-conformance (NC) is a non-fulfilment of a requirement.
- An Opportunity for Improvement (OFI) describes a requirement that can be more effectively addressed.

Areas Visited:

- Elgin Water Treatment Plant (WTP), 43665 Dexter Line, Central Elgin, Ontario
- Elgin-Middlesex Pumping Station (EMPS) - Valve House and Terminal Reservoir, 490 South Edgeware Road, Central Elgin, Ontario

Interviews Conducted:

- J.Muller - Regional Manager, OCWA (Top Management)
- C.Sigurdson - Safety, Process and Compliance (SPC) Manager, QMS Representative, OCWA
- M.MacKenzie - Senior Operation Manager, OCWA
- G. McEown - Operations & Compliance Team Lead, OCWA
- E.McLeod - Quality Assurance & Compliance Manager, RWS

Summary of Findings

Positive Findings

- Positive Attitude Toward Audits – OCWA staff are cooperative, well-prepared, and transparent during audits.
- Shift changes are well coordinated, with clear communication documented in logbooks to ensure continuity of operations.
- OCWA staff actively participate in preventative maintenance activities, helping to reduce downtime and extend asset life.
- Competency is supported by valid certifications and ongoing training. Training records are well-maintained and reflect a commitment to continuous professional development.
- Continual improvement of the DWQMS is evident through the implementation capital projects that enhance treatment performance, monitoring, and system reliability. Current initiatives include the Taste & Odour Management Optimization project (EA4217), which focuses on improving aesthetic water quality and overall consumer satisfaction; the Elgin PLC Replacements project (EA4152), which strengthens process control and operational reliability; and the UV & Backwash Pump Replacements project (EA4183), which supports effective disinfection and filter performance. Additionally, the Plant Wi-Fi Upgrade & Replacement project (EA4205) improves communication within the plant, making it easier for staff to access data/monitor systems etc.

Non-Conformance (NC)

No NC's were identified as part of the internal audit.

Opportunity for Improvement (OFI)

Ten (10) OFI's were identified as part of the audit as per below.

Element 5 – Document and Record Control

OFI #1 - EA-PROC-2100 Laboratory Analysis and EA-PROC-800 Chlorine Gas Consumption documents have draft marked up comments/revisions from 2017 and the documents have been formally approved for use. Consider reviewing and accepting the revisions.

Element 6 – Drinking Water System

OFI#2 - There is an opportunity to update Section 6 of the QMS Operational Plan (Drinking Water System Description) to include for example: 'Transmission Pipeline Dual Plant discharge water transmission mains of pipe sizes 750 mm (CPP) and 900 mm (steel) 14.8 km long'.

Element 7 - Risk Assessment

OFI#3 - Consider formalizing the identification and assessment of third-party land use activities (e.g., agricultural operations-manure storage, chemical storage) near transmission drinking water infrastructure within the DWQMS risk framework to ensure potential water quality risks are consistently evaluated and documented.

OFI#4 - The QMS Risk Assessment & Outcomes document includes numerical scoring for likelihood, severity, and detectability however the scoring is not defined/referenced within this document. There is an opportunity to include reference to the risk scoring within EA-ADMIN-2400 Hazard Analysis (Risk Assessment) & Critical Control Points document to improve transparency of the process.

Element 8 - Risk Assessment Outcomes

OFI#5 – There is currently no documented confirmation that key steps outlined in the chemical receiving procedures (e.g. EA-PROC-400 Aluminum Sulfate (Alum) Delivery) are being completed during delivery, aside from recording tank levels before and after delivery in the logbook and attaching seals to the Bill of Lading. Consideration should be given to confirming that the key steps outlined in the chemical receiving procedures are being completed during delivery (e.g., test the emergency spill alarm and ensure a drip tray/container is in the bottom of the panel, ensure an up-to-date SDS is available,

ensure that all connections are leak free). This could be supported through the implementation of a standardized Chemical Receiving Checklist/Form.

OFI also relates to Element 18 - Emergency Management.

Element 13 - Essential Supplies and Services

OFI#6 - There is an opportunity to update ECP-2 Emergency Contact & Essential Suppliers & Services List.docx (e.g. 'Solar Farm – R. Wilson' under 'Remote Facilities').

OFI#7 - Safety equipment suppliers/vendors are not currently included in the ECP-2 Emergency Contact & Essential Suppliers & Services List. Consideration should be given to determining whether safety equipment providers/vendors meet the criteria of essential suppliers/services, and if so, adding them to the ECP-2.

Element 16 - Sampling, Testing and Monitoring

OFI#8 – Daily Operator Daily Lab Sheet EF-ADMIN-2050 Operators Daily Lab Sheet.xls for September 01, 2025 was not recorded every 4 hours as per EA-ADMIN-2050 Sampling and Lab Analysis.docx and “No lab” was recorded on the sheet. A review of the logbook indicated sampling was not completed due to inability to access the lab during floor maintenance activities. Sampling and lab analysis are to be conducted and recorded in accordance with procedure.

OFI#9 – EA-PROC-2100 Laboratory Analysis document does not reference analytical equipment by type. There is an opportunity to specify the instrument(s) being used within the procedure (e.g., spectrophotometer).

Element 17 - Measurement and Recording Equipment Calibration and Maintenance

OFI#10 – The UV Reactors (Filter 2 – Asset 298449) requires monthly internal verifications of sensors (last completed May 14, 2026) and biannual servicing by Trojan (last completed April 16, 2026, and October 16, 2025). However, the current job plan is scheduled for March and September, which does not align with the established scheduling frequency in Maximo. There is an opportunity to review and update the UV Reactor job plans to better reflect the required servicing intervals and improve scheduling accuracy.

Appendix C: Management Review Meeting Minutes (June 15, 2026)

Lake Huron & Elgin Area Primary Water Supply Systems EMS/QMS Management Review

Date: June 15, 2026

Time: 10:00am

Location: Virtual – Microsoft Teams

Attendees: Andrew Henry (RWS), Erin McLeod (RWS), Jennifer Levitt (RWS), Jackie Muller (OCWA), Denny Rodrigues (OCWA), Cindy Sigurdson (OCWA), Randy Lieber (OCWA), Nick Wilson (OCWA), Mark MacKenzie (OCWA), Courtney Miller (OCWA), Jess Bechard (RWS)

Regrets: Billy Haklander (RWS)

N.B.: Management Review meetings are held in a combined format for both the Lake Huron Primary Water Supply System (LHPWSS) and the Elgin Area Primary Water Supply System (EAPWSS).

-----Meeting Notes-----

1. Review and Approval of Previous Meeting Minutes (March 31, 2026)

The minutes from the previous meeting (March 31, 2026) are posted to SharePoint. Minutes circulated to comment. No concerns are noted and documents are approved.

2. Results of Board Meetings

Huron Board Meeting (June 4, 2026)

- Quarterly Compliance Report: The report was received for information.
- EMS/QMS Report: The report was received for information.

Elgin Board Meeting (June 4, 2026)

- MECP Inspection Report: The report was received for information.
- Quarterly Compliance Report: The report was received for information.
- EMS/QMS Report: The report was received for information.

Huron Erie Water comment - No questions or comments on these relevant reports received as part of the meeting. The Director has received feedback from some Board members that they are exceedingly pleased with overall performance, management systems, reporting etc. A comment at the meeting was that the lack of comments and questions is a result of trust in the management of the water system.

3. Environmental and Quality Policy

No changes required to the current Policies. EAPWSS and LHPWSS Policies both signed June 27, 2024 (effective date June 01, 2023).

Huron Erie Water comment – New branding (Huron Erie Water) information will be updated for EMS/QMS during Q4, 2026.

Refer to agenda package for detailed information.

4. Incidents of Adverse Drinking Water Tests

LHPWSS - None since June 2025

EAPWSS - Three (3) Adverse Water Quality Incidents (AWQI) were reported for sodium on Jan. 12, 2026. Three (3) samples collected on Jan. 6, 2026 from the Water Treatment Plant (WTP) treated water, the Fruitridge Surge Facility, and the Elgin Terminal Reservoir Valve House exceeded the sodium reporting threshold of 20 mg/L. Following the receipt of the AWQI reports the operating authority adjusted the treatment processes including the carbon dioxide (CO₂) and sodium hydroxide (NaOH) dosing. Resamples were collected on Jan. 13 and Jan. 15, 2026 from the three (3) sampling locations. All resample results were below the 20 mg/L reporting threshold, and no further action was required. A [Sodium in Drinking Water Factsheet](#) was updated on the website. A Corrective Action Form (CAF) was completed to review the incident (Mar. 30, 2026).

5. EMS Internal Audit – LHPWSS (April 22 – May 22, 2026)

One non-conformance (NC) and fifteen (15) opportunities for improvement (OFI's) were identified as part of the audit. The action items were discussed and approved.

Refer to the agenda package for detailed information.

6. EMS Internal Audit – EAPWSS (May 11 – May 22, 2026)

One non-conformance (NC) and twelve (12) opportunities for improvement (OFI's) were identified as part of the audit. The action items were discussed and approved.

OCWA comment – Regarding the one non-compliance, the action item work is on track to meet requirements by June 30, 2026.

Refer to the agenda package for detailed information.

7. Environmental Objectives, Targets and Programs

The status of the environmental objectives related to electricity consumption, chemical consumption, and process water use were discussed. Updates to the environmental programs were reviewed. Refer to the agenda package for detailed information.

EAPWSS

Electricity Efficiency:

- A notable increase in winter 2026 was observed.
- Potential contributing factors include operational changes during the backwash/UV project and commissioning of new backwash pumps, which may have caused frequent starts/stops and increased energy use.
- There was higher high-lift pump runtime (~6.5% increase) in 2025.
- Equipment runtime analysis helped identify these drivers and will be shared for further review.

Chemical Efficiency:

- Elgin has seen a significant increase in chemical use in 2024–2025.
- The main drivers are increased CO₂ and sodium hydroxide use, tied to lowering pH for optimization of coagulation and then raising it again for corrosion control.
- Other chemicals (e.g. alum) remained stable and are not major contributors.
- Chemical use peaked around ~110 kg/ML, but decreased to 96.9 kg/ML in winter 2026 after adjustments to CO₂ and caustic dosing.

LHPWSS

Electricity Efficiency:

- LHPWSS is performing very well, significantly exceeding the reduction target set in 2023 (over ~25 kWh/ML), largely due to the high lift pump upgrade.
- A small spike was observed in winter 2026; further analysis (e.g., SCADA runtime data for major equipment) will be used to investigate the cause.

- Overall trend remains strong and highly positive.

Chemical Efficiency:

- The trend is inconsistent and lacks clear seasonal patterns.
- Expected improvements from the new coagulation/alum dosing system (implemented in 2024–2025) have not been clearly observed.
- Despite variability, usage remains generally below target with a flat overall trend.
- Further optimization efforts and upcoming projects (e.g., polymer dosing strategy) may help improve performance going forward.

Process Water:

- LHPWSS process water use (e.g., service water, backwash water) has increased over the past year, and the cause is currently unclear.
- Possible reasons include more frequent backwashing or tank cleanout activities within the plant.
- This trend will need further review to determine what is driving the higher internal water use.

OCWA comments - Increased process water use was likely due to filter media top-up work at the end of 2025 and early 2026. This required additional backwashing to bring filters back online, which temporarily drove up water use.

Huron Erie Water comments -

- Overall, a strong positive result, to be monitored through 2027.
- A new Water Supply Agreement with City of London may shift flow from Elgin to Huron, potentially impacting energy efficiency; this should be tracked.
- Operations should maximize terminal reservoir use to manage flow changes and reduce peaking, especially with future demand increases.
- Suggested assigning the incoming intern to analyze chemical consumption drivers (e.g., turbidity, manganese, dissolved oxygen) to better understand variability. This analysis would be valuable given the large amount of data and limited staff time.

Refer to agenda package for detailed information.

8. Environmental Performance – Monitoring and Measurement Results 2025 Energy Reporting

LHPWSS

- In 2025, the system produced more water and used slightly more electricity and natural gas, resulting in higher total greenhouse gas emissions (GHG).
- When normalized for water production, electricity intensity improved, meaning the system is operating more efficiently year over year despite higher overall usage.
- Natural gas use was slightly higher in 2025, but still lower overall than the 2016 baseline.

Huron Erie Water comments -

- The large increase in reported GHG emissions is mainly due to updated emissions factors from Environment and Climate Change Canada (ECCC), not actual operational changes.
- Electricity emission factors increased ~26% from 2024 to 2025 and are expected to rise another ~55% in 2026, which will further impact reported emissions.
- Natural gas emission factors remained unchanged from 2023-2026, confirming electricity factors are the main driver. Overall, the increase reflects changes in reporting methodology, not a significant increase in actual emissions output.
- GHG calculations are highly affected by external factors like changes in electricity generation and updates to emissions factors by ECCC.

EAPWSS

- Treated water volume, electricity use, and natural gas use all increased from the previous year, resulting in higher total greenhouse gas emissions (GHG).
- Despite higher electricity use, electricity intensity improved, indicating greater operational efficiency.
- Natural gas use is trending downward compared to the 2017 baseline.
- The rise in GHG emissions is primarily due to external emissions factor changes, not major increases in actual energy use.

Refer to the agenda package for detailed information.

9. Compliance Obligations Update

May 15, 2026 - Technical Standard and Safety Authority (TSSA) published [Revision 1 to the Boilers and Pressure Vessels Code Adoption Document \(CAD\)](#), which was originally issued in June 2025. As per TSSA's announcement, the revision corrects

errors and does not involve technical changes. The effective date for Revision 1 is June 15, 2026.

ISO14001:2026

The new 2026 version of the ISO14001 standard was published in April 2026, replacing the 2015 version. There is a three (3) year deadline to transition to the new standard (i.e. by end of April 2029). The details of the new standard are still being reviewed.

Action: Staff will conduct a gap analysis and develop an action plan to transition to the new ISO14001:2026.

New Accreditation Bodies

May 1, 2026 – Ministry of the Environment, Conservation and Parks (MECP) has notified drinking water systems that effective May 1, 2026 there are changes to the DWQMS accreditation program. There are now three (3) Accreditation Bodies designated to administer programs for the accreditation of operating authorities.

- AET Group Inc. (AET)
- Intertek Testing Services NA Ltd. (Intertek)
- NSF International Strategic Registration Canada Company (NSF-ISR)

Action: Before Aug. 1, 2026 operating authorities are required to notify their existing Accreditation Body in writing that they plan to continue to use their service under the terms of an existing contract, or they must submit an application to another Accreditation Body.

Potential Impacts: OCWA has a contract with Intertek until Dec. 31, 2026. OCWA corporate compliance group will provide the notification as all their systems are under one agreement. Renewal or consideration to tender is being evaluated for 2027. It is possible that in future the operating authority may have separate contracts with different agencies for DWQMS accreditation and ISO14001 certification.

Municipal Inspection Program Improvements

April 28, 2026 - MECP has notified of changes taking effect for the 2026-27 municipal inspection process. Changes include updates related to best management practices (BMPs), the focused inspection protocol and the inspection risk rating.

- BMPs will no longer be part of the inspection process. DWQMS will be the primary mechanism for implementation and oversight of BMPs.
- There is an updated focused inspection protocol, which concentrates on high-risk activities and will no longer assess low risk or administrative requirements. These will be assessed in detailed inspections that are conducted every 5 years for well-performing systems.
- The inspection rating / risk evaluation process has been modernized to align ratings with Ontario's Risk Framework and to update risk assessment based on current technical knowledge. There is minimal deviation in the final inspection ratings with the new methodology. Performance scores will be focused on human

health. Environment and administrative scores will still be assessed and actions required as needed, but they will not be reported to the public.

Reminder from the Ministry about technical guidance documents that were recently published:

- New - [Technical bulletin: Adverse drinking water test results — reporting requirements and exemptions](#)
- Updated - [Filtration processes technical bulletin](#)
- Updated - [Drinking water testing requirements for laboratories](#)

OCWA comment - Under the new inspection methodology, the number of questions is significantly reduced, meaning each non-compliance may carry more weight. This could potentially lower overall inspection ratings, even if performance has not changed. The most recent inspection still achieved a 100% score, so no impact was seen in that case, but it is something to monitor going forward.

Ontario Notices – Environmental Registry of Ontario (ERO)

[ERO No. 025-1345: Amendments to Fuel Oil Code Adoption Document \(CAD\) 2025](#)

Type: Policy Decision

Source: Technical Standard and Safety Authority (TSSA)

Date Posted: April 6, 2025

Comments Due: NA

Summary:

This amendment to the Fuel Oil Code Adoption Document (CAD) revokes and replaces the previous amendment (2021). This Fuel Oil CAD amendment adopts the new CSA Standard B139 Series-24 “Installation Code for Oil Burning Equipment” published January 2024.

TSSA’s website update indicates the effective date is June 2, 2026.

Potential Impacts: Changes to the Code may trigger upgrades to the WTP generator fuel systems.

[ERO No. 026-0301: Proposed amendments to the Water and Wastewater Public Corporations Act, 2025 and consequential amendment to the Safe Drinking Water Act, 2002](#)

Type: Act Proposal

Source: Ministry of Municipal Affairs and Housing (MMAH)

Date Posted: March 30, 2026

Comments Due: May 14, 2026 (Closed)

Summary: MMAH is proposing amendments to guarantee public sector ownership, help ensure contracts and employees that move to a corporation transfer uninterrupted; and prohibit the transfer of long-term debt from municipalities to a Water and Wastewater

Public Corporation as well as consequential legislative amendment to the *Safe Drinking Water Act, 2002*.

ERO No. 026-0419: Invitation to Municipalities to register potential interest in implementing a Water and Wastewater Public Corporation model

Type: Policy Proposal

Source: MMAH

Date Posted: April 15, 2026

Comments Due: August 13, 2026

Summary: MMAH is inviting municipalities with a potential interest in locally implementing the water and wastewater public corporation service delivery model to make a submission expressing their interest. This input will help the Ministry understand levels of interest, needs, readiness and potential next steps to support future expansion of the model.

Potential Impacts:

A previous legal opinion noted that the Water and Wastewater Public Corporations Act would not apply to our circumstances, as the Act only applies to lower-tier municipalities. The City of London and the City of St. Thomas are not designated lower-tier municipalities and would require changes to the Act to be applicable. The lower tier municipalities would be required to apply for consideration. As each of the municipalities, including London and St. Thomas, have an undivided interest and ownership of the system it would require all municipalities to consent.

10. Effectiveness of the Risk Assessment Process (QMS)

- Risk assessments for both systems underwent the 36-month risk assessment review last year (June 2025), which included significant updates. Since then, over the past year the risk assessment has been reviewed for accuracy as a result of action items that have been identified.
- At LHPWSS, an action item identified the possible need to identify reservoir leaks as a critical control point. The risk assessment was reviewed and it was determined that clarification within the procedure was necessary. This actual hazard as a result of the leak could be contamination and therefore is covered under low chlorine and not the leak itself being a critical control point.
- At EAPWSS, an action item identified to review the risk value of a fluoride exceedance event since the sample location was modified to provide consistent readings. It was determined that the risk is still present due to the fluoride dosing strategy and there may be further opportunities for improvement with that. A business case has been submitted to address improvement opportunities with the dosing strategy.
- Minor revision will be completed in 2026 to include the risk value criteria.

11. Results of Emergency Response Testing

The following have been tested:

- EMC-4 Spill Reporting and EMC-5 Injury to Worker, HMC-4 and HMC-5 were reviewed and tested on Sept 23, 2025. No action items were identified during the review.
- Critical Shortage of Staff, Power failure and Spill Reporting will be reviewed and tested in 2026.

12. Operational Plan Currency, Content and Updates (QMS)

The Operational Plan has been updated several times over the last year. Some key updates have been:

- Update Raw Water Characteristics
- Update organizational structure of Huron Erie Water and OCWA to include new positions
- Update references to Admin Procedure 1700 (Contractor and Suppliers) and 1800 (Sign in) which were modified to reflect the implementation of OnLocation
- The Huron Operational Plan also had modifications to reflect the Powder Activated Carbon (PAC) and alum system changes and most recently the Melrose connection to the system.

13. Staff Suggestions / Deferred Items

Staff suggestions are reviewed annually as part of EMS/QMS, with a high volume (28) received in 2024 after actively soliciting feedback. Many ideas were considered valuable but deferred due to competing priorities. This review aims to determine which items should be advanced, reprioritized, or retained for future consideration to ensure they are not overlooked.

Refer to the agenda package for details.

14. Communications from Interested Parties

Hawk Cliff Newsletter – 2025

EAPWSS plays a key environmental leadership role by supporting the Hawk Cliff Raptor Banding Station, a long-standing migration monitoring program operating since 1969 that has banded more than 117,000 raptors to date. By enabling property access essential to migration research, wildlife-health studies, and public education activities, it helps advance regional biodiversity conservation and community environmental stewardship. The banding station's needs for safe access, communication, and collaboration are integrated into the EMS. This partnership reflects a strong commitment

to environmental responsibility and underscores the positive regional impact the system continues to make.

Huron Erie Water comments – This partnership has recently expanded to include Birds Canada, which has installed a radio transmitter/receiver on the Elgin plant communications tower. This equipment tracks tagged birds migrating through the region that originates across North America. Currently, no direct updates are provided, but the data is accessible through an online portal.

Kettle Creek Conservation Authority

The Kettle Creek Conservation Authority, in its capacity as the Source Protection Authority, has requested the City of London that the EAPWSS be provided with the monitoring reports for the W12A landfill site on an annual basis.

Huron Erie Water comments – To add to communications from Interested Parties, we have been contacted by Chippewas of the Thames First Nation, and a meeting will be held to discuss the Lake Huron Water System and the new transmission pipeline project. The First Nation is conducting a feasibility study for system upgrades, which may include a potential future connection to the Lake Huron system.

15. Changes that could affect the QMS

The Lake Erie Harmful Algal Bloom (HAB) 2026 early season projection was discussed. There is a predicted moderate bloom this year. Current projections (as of May 30, 2026) indicate a moderate bloom (severity 3.5–5), slightly higher than recent years. Final severity will depend on precipitation levels through July. This is mainly relevant for EAPWSS, while LHPWSS has not historically experienced significant HAB impacts.

Refer to the agenda package for detailed information.

16. Management of Change

Checklists were completed for the following changes, with action items approved for addition to the tracking sheet.

- Release of DWQMS version 3.0
- New LHPWSS connection to Middlesex Centre (KM3 Melrose)
- New EAPWSS connection to St. Thomas (South Edgeware Booster Station (SEBS))
- Huron coagulation upgrade, removal of flash mixers and rotodip feeders

Refer to the agenda package for detailed information.

17. Corrective Action Forms (CAFs)

CAFs were completed for the following incidents, with action items approved for addition to the tracking sheet.

- Elgin Sodium AWQI (Jan. 12, 2026)
- Elgin Raw Water Temperature Inaccurate Readings (Jan. 26, 2026)
- Elgin RMF Effluent Total Chlorine Residual Exceedance (Feb. 26, 2026)

Refer to the agenda package for detailed information.

18. Overall Decision on the suitability, adequacy and effectiveness of the EMS/QMS

General discussion on the management systems as a whole, reflecting back over the past year. Noted items:

- Overall focus remains on driving continual improvement across both systems.
- Audit programs are successfully identifying NCs and OFIs.
- Support of OCWA and RWS leadership.
- Received positive feedback from the Board with the performance of Management Systems.
- With respect to meeting environmental objectives and targets LHPWSS is performing well, particularly in energy efficiency.
- EAPWSS has opportunities for optimization, especially in chemical efficiency.

Huron Erie Comments

- The Board is very pleased with how the systems are administered and how risk management principles are integrated to minimize environmental impacts and ensure appropriate water quality.
- There is strong integration across risk assessment, opportunities and business cases, EMS/QMS, and incident and emergency management, forming a comprehensive and coordinated approach.
- The organization is receiving significant national attention for this integrated model, particularly its risk-based approach and demonstrated successes.
- Interest is growing from utilities across Canada including Calgary, Edmonton, Regina, Winnipeg, Saskatoon, Halifax, Abbotsford, and the Capital Regional District (Victoria) seeking to better understand the approach and potentially replicate it.
- Overall, this represents very positive feedback, reflecting strong performance and leadership across the utility.

OCWA comment - The growing national interest highlights that the investment in the team and that EMS/QMS are delivering strong results. This requires significant effort and progress is clearly being made and recognized across Canada.

All in agreement that the EMS/QMS continues to be suitable, adequate and effective.

End of Meeting

Next Meeting – September 09, 2026 – 9:00am

Board of Management Report

Subject: Quarterly Operating Financial Status – 2nd Quarter 2026

Overview:

- This report shows the current fiscal year's 2nd quarter in comparison to its Budgeted amount and the previous year's same time period.

Recommendation

That the Board of Management for the Elgin Area Water Supply System receives this report regarding the Operating Financial Status Report for the period of April 1 to June 30, 2026, noting that this report is unaudited and subject to adjustments including the preparation of the financial statements and completion of the annual audit.

Previous and Related Reports

June 4, 2026 Quarterly Operating Financial Status – 1st Quarter 2026

Background

At the request of the Board of Management, a Financial Status Report is provided on a quarterly basis for information. The financial status provides a high-level summary overview of incurred expenditures and revenues on a cash-flow basis and is compared to the approved operating budget of the water supply system. All expenditures and revenues provided in this Financial Status Report are unaudited and may include accrued expenses from a previous fiscal year and/or unaccrued expenses related to a future fiscal year.

A high-level summary of incurred expenses and revenues for the water supply system is attached to this report as Appendix A for the second quarter 2026 (April 1 to June 30) as well as a comparative accumulation of expensed for the year to date.

Note: The reported expenditures and revenues may be subject to adjustments, including but not limited to corrections and entries required for the preparation of financial statements and completion of the annual audit.

Discussion

For the information and reference of the Board, the following highlights of the attached summary provides a brief explanation of notable deviations from the approved budget and/or clarifications of the financial summary:

- Contracted Operating Services in the summary report reflects the total direct operating costs of the contracted operation of the water treatment and transmission system, as well as other related contracted services.
- Contracted Administrative Services in the summary report reflects the fees paid to the City of London. Expenditures have decreased from the same period in 2025 due to Board staff assuming Purchasing duties from the City of London's finance group.
- Electricity expenditures include the purchase of energy and related energy management service charges for the water system. The reported energy cost was higher than the same period of the previous year due to increased energy commodity costs and corresponding water volumes supplied to the benefiting communities.
- Salaries, wages, and benefits expenditures include all direct labour costs for administrative staff, including benefits. Variations over the same period in 2025 are attributed to annual salary adjustments, and additional staff added in the 2026 budget.
- Administration and Other Expenses relates to various overhead operating expenses, including subscriptions and memberships, bank charges and interest, and office supplies. The costs to date are marginally higher than 2025 largely due to increases in property tax rates when the Terminal Reservoir property transitioned from Central Elgin and St. Thomas as a result of the boundary adjustments implemented by the province of Ontario.
- Vehicles and Equipment expenditures include costs associated with vehicles, computers, and office equipment for administrative staff. 2026 expenditures are currently higher than 2025 largely due to higher contract charges, computer services and additional travel for project management and related undertakings.
- Purchased Services and Professional Fees relate to allowances for ad hoc professional consulting and legal services, security services, telephone charges, network, and SCADA (Supervisory Control and Data Acquisition) maintenance, printing services, and pipeline locate costs. Costs for 2026 are higher than 2025 due to legal matters, including the review of legal agreements and policies, as well as the creation new purchasing template documents.

- Debt Principal and Interest payments occur twice per year; in the first and third quarter.
- Contributions to the Reserve Funds occur at the end of the fiscal year (fourth quarter) as part of the year-end process and in preparation for the year-end audit, where the actual contributions are the total remaining revenue in excess of expenditures. Accordingly, the amount of the anticipated contribution will be adjusted to reflect the additional revenue and expenses incurred and may be subject to further adjustment as a result of the completion of the year-end financial statements and audit.

Prepared by: Archana Gagnier
Manager, Finance and Procurement

Submitted by: Andrew J. Henry, P.Eng.
Director, Regional Water

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Operating Financial Status Summary – 2nd Quarter 2026

Quarterly Financial Summary Report

Elgin Area Water Supply System
2nd Quarter 2026 (April 1 to June 30)

(\$,000's)

	Approved 2026 Budget	Q2 - 2026	2026 Year to Date	Year To Date Variance	2025 Year To Date
Total Revenue	17,490	4,602	8,950	8,540	8,467
<u>Expenditures:</u>					
Contracted Operating Services	5,953	1,506	2,971	2,982	2,846
Contracted Administrative Services	120	45	89	31	97
Electricity	1,200	274	513	687	498
Salaries, Wages, Benefits	1,636	464	738	898	592
Administration and Other Expenditures	643	51	305	338	287
Vehicles and Equipment	244	65	117	127	76
Purchased Services & Professional Fees	1,123	159	514	609	465
Debt Principle Payments	1,261	0	1,255	6	1,228
Interest on Long-Term Debt	21	0	24	(3)	40
Contributions to Reserve Funds	5,290	231	231	5,059	231
Total Expenditures	17,492	2,795	6,757	10,734	6,359

Board of Management Report

Subject: Capital Status Report

Overview:

- This report shows the status of all capital projects for the current fiscal year.
- Eight capital projects are recommended to be closed with surplus funding in the approximate amount of **\$535,774** recommended to be released to the Reserve Funds.

Recommendation

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Elgin Area Primary Water Supply System, takes the following actions regarding capital projects:

- a) The Board **CLOSE** projects **EA201924** Master Plan Update, **EA411424** 2024 Annual Maintenance, **EA4166** SCADA-PLC Software Upgrade, **EA4180** Filter Capacity Evaluation, **EA4199** Office Expansion, **EA4208** Terminal Storage Reservoir Cell 1 Upgrades, and **EA4212** Low Lift Instrument Panel, with surplus funding in the approximate amount of **\$557,736** released to the Reserve Funds.
- b) The Board **CLOSE** project **EA4186** Sodium Hydroxide Assessment, with additional funding in the approximate amount of **\$21,962** be drawn from the Reserve Funds.
- c) The Board **RECEIVE** this report for information.

Previous and Related Reports

March 5, 2026 Capital Status Report

Background

The Capital Project Status Report, for the Board's information, provides a brief overview of the status of current capital projects for the Elgin Area Primary Water Supply System. This report is provided for the general information of the Board.

The status report is divided into four categories of projects, namely:

1. **Ongoing Projects:** This section provides a summary list of all projects which are funded by the Board through the Capital Budget, and which are currently in-progress. Board funded projects are typically for the replacement or upgrade of existing assets, the construction of new assets, or engineering studies and assessments, as approved by the Board.

Under the terms of the Service Agreement with the contracted operating authority, the Board is also required to pay for some maintenance/repair activities. The benchmark used in the operating contract is that if the value of the material and any contracted labour is over \$30,000 (indexed annually to inflation from the start of the contract), the project is considered Capital Maintenance and the contracted operating authority would fund the first \$30,000 (indexed), with the balance funded by the Board. Accordingly, the Board maintains an annual “fund” within the Board’s capital budget to pay for these projects as they arise.

2. **a) Completed Projects - Release Surplus to Reserve Funds:** This section provides a summary list of all projects which are presently completed and do not require additional funds from that budgeted. Should the Board approve the closure of the listed projects, it is the recommendation of staff to release the surplus funds, if any, to the appropriate Reserve Fund.

b) Completed Projects – Reduce Authorized Debt: In the case where the project is funded through the issuance of a debenture, should the Board approve the closure of the listed project, it is the recommendation of staff to reduce the previously authorized but unissued debt for the project(s).

3. **Completed Projects - Additional Funding Required:** This section provides a summary list of all projects which are presently completed but require additional funds from that originally approved by the Board. Should the Board approve the closure of the listed projects, it is the recommendation of staff to provide the required additional funding from the Board’s Reserve Fund.

Discussion

For the information and reference of the Board, the following is the Capital Project Status Summary:

Ongoing Capital Projects

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA3010	IT Asset Replacement Program	\$821,000	\$669,845	Ongoing
EA3017	Exterior WTP Building Seals	\$60,000	\$55,280	Warranty Period
EA3018	Cyber Intrusion Detection	\$185,000	\$ 0	Ongoing
EA4022	Security Upgrades	\$1,225,000	\$943,713	Ongoing
EA4039	Record Drawings - Documents	\$255,000	\$178,225	Ongoing
EA411423	2023 Annual Maintenance	\$100,000	\$84,753	Warranty Period
EA411425	2025 Annual Maintenance	\$100,000	\$90,608	Ongoing
EA411426	2026 Annual Maintenance	\$100,000	\$18,262	Ongoing
EA4129	Server Room Fire Suppression	\$30,000	\$42,250	Warranty Period
EA4138	Asphalt Resurfacing	\$440,000	\$10,430	On Hold
EA4152	PLC Replacements	\$590,000	\$145,288	Ongoing
EA4153	Backwash Pump Replacement	\$3,859,000	\$2,685,290	Ongoing
EA4172	Dedicated Raw Water	\$90,000	\$75,080	Warranty Period
EA4175	Pilot-Unchlorinated Filtration	\$25,000	\$ 0	On Hold
EA4176	Plant Drain Chlorine Sample	\$80,000	\$80,741	Ongoing

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA4183	UV & Backwash Pump Replacements	\$9,109,360	\$5,526,086	Ongoing
EA4191	Roof Drain Replacements	\$100,000	\$96,382	Warranty Period
EA4193	Elgin Standby Generator TSSA	\$290,000	\$258,082	Warranty Period
EA4194	Asset Condition Field Assessment	\$135,000	\$71,162	Ongoing
EA4196	St. Thomas Meter Replacement	\$150,000	\$48,532	Warranty Period
EA4200	Service Water Study	\$120,000	\$11,544	Ongoing
EA4201	Climate Change Resiliency Assessment	\$240,000	\$19,409	On Hold
EA4202	Low Lift Sluice Gate	\$550,000	\$ 0	Ongoing
EA4205	Plant Wi-Fi Upgrade	\$620,000	\$1,292	Ongoing
EA4206	Sample Line Replacement	\$80,000	\$18,280	Ongoing
EA4207	Low Lift Discharge Valve	\$490,000	\$279,055	Warranty Period
EA4209	High Lift Garage Door	\$50,000	\$50,312	Warranty Period
EA4210	Plant Front Entrance Steps	\$50,000	\$57,143	Warranty Period
EA4211	Fruit Ridge Surge Facility	\$70,000	\$57,920	Warranty Period
EA4213	Plant Tanks & Channels Concrete Repairs	\$45,000	\$ 0	Ongoing
EA4214	RMF Tank Mixing Study	\$35,000	\$20,970	Ongoing
EA4215	RMF Sodium Bisulphite Room Exhaust Upgrades	\$35,000	\$ 0	Ongoing
EA4217	Taste & Odour Management Optimization	\$520,000	\$ 0	Ongoing

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA4218	Plant MCC Component Upgrades	\$400,000	\$22,471	Ongoing
EA4219	Transmission System Precipitate Investigation	\$25,000	\$ 0	Ongoing
EA4220	Operations & Maintenance Procurement Advisory Services	\$250,000	\$18,661	Ongoing
EA4222	Elgin Terminal Reservoir	\$150,000	\$114,700	Ongoing
EA4223	Asset Management Plan Update	\$250,000	\$ 0	Ongoing
EA4224	High Lift Discharge Valve Replacement	\$250,000	\$ 0	Ongoing
EA4225	Remote Site Cellular Back-up	\$100,000	\$ 0	Ongoing
EA4226	Sodium Hydroxide Optimization Study	\$75,000	\$ 0	On Hold
EA4227	B-Line Isolation Valve Gearbox Replacement	\$125,000	\$ 0	Ongoing
EA4228	RMF Sludge Mixer	\$225,000	\$ 0	Ongoing
EA4229	High Lift Hydrant Line Replacement	\$100,000	\$ 0	Ongoing
EA4230	Header Isolation Valve Replacement	\$200,000	\$ 0	Ongoing
EA4231	Water Treatment Plant Expansion	\$2,000,000	\$ 0	Ongoing
EA4232	Filter Backwash Sequence Compliance Studies	\$60,000	\$ 0	Ongoing
EA4233	Plant Reservoir Expansion Joint Repairs	\$126,000	\$ 0	Ongoing

Total **\$24,985,360** **\$11,751,768**

2.a) Completed Projects – Release Surplus to Reserve Funds \$557,736

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA201924	Master Water Plan Update	\$225,000	\$161,737	Completed
EA411424	2024 Annual Maintenance	\$100,000	\$89,797	Completed
EA4166	SCADA-PLC - Software Upgrade	\$500,000	\$432,677	Completed
EA4180	Elgin Filter Capacity Evaluation**	\$37,000	\$ 0	Cancelled
EA4199	Office Expansion	\$100,000	\$89,562	Completed
EA4208	Terminal Storage Reservoir Cell 1 Upgrades	\$400,000	\$33,634	Completed
EA4212	Low Lift Instrument Panel Replacement	\$40,000	\$36,857	Completed
TOTAL		\$1,402,000	\$844,264	

2.b) Completed Projects – Reduce Authorized Debt

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
TOTAL		\$ 0	\$ 0	

3. Completed Projects – Additional Funding Required \$21,962

PROJECT NO.	PROJECT	APPROVED BUDGET	EXPENDED TO DATE *	STATUS
EA4186	Sodium Hydroxide Assessment Study	\$130,000	\$151,962	Completed
TOTAL		\$130,000	\$151,962	

* Expended as of July 31, 2026

** Project cancelled as the Water Treatment Plant Expansion (EA4231) project is underway.

Market Conditions

With the ongoing tariffs and trade tensions between Canada and the United States, the markets are seeing significant upheaval and risk-based pricing has become more apparent in recent procurements. Equipment and materials procured from suppliers from the United States may be affected by countervailing tariffs imposed by Canada, as well as consequential input cost increases on raw materials exported from Canada to the USA which are used in the manufacture of equipment, materials and consumables.

These market conditions are causing significant pressures on procurement processes, particularly for longer-term construction projects, and are likely to impact total costs of the capital program. The budgets for many of these projects were established largely based on market conditions and projections prior to the current economic conditions. As such, it is important for the Board to be aware of the potential need for the timely award of contracts and, potentially, increases to the approved capital budgets. While staff are taking all reasonable steps possible to contain costs and minimize the impacts of risk-based pricing, given the number of projects that the regional water system is undertaking it is likely that conditions will prevail whereby Board approval is explicitly required pursuant to the Procurement of Goods and Services and Disposal of Assets By-law.

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Board of Management Report

Subject: 2027 Operating and Capital Budgets

Overview:

- The proposed water rate charged to the benefiting municipalities for 2027 is 1.1073 dollars (\$1.1073) per cubic meter; a 3.5 percent increase in the rate charged in 2026 to benefiting municipalities consistent with the Financial Plan approved by the Board in March 2023.
- Cost projections presented in the 2027 budget include the anticipated operating costs for the water utility within the current term with the contracted operating authority, the Ontario Clean Water Agency, which ends December 31, 2027.
- Projected financial requirements beyond 2027 may be subject to change once the Master Water Plan, Asset Management Plan and associated projections and recommendations are incorporated into an updated Financial Plan and approved by the Board in 2028.

Recommendation

That, on the recommendation of the Chief Administrative Officer, the following actions be taken by the Board of Management for the Elgin Area Water Supply System with regard to the 2027 Operating and Capital Budgets:

- a) The Board **APPROVE** the 2027 Operating Budget in the total amount of \$17,360,524 as attached to this report.
- b) The Board **APPROVE** the 2027 Capital Budget in the total amount of \$65,550,000 as attached to this report.
- c) The Board **APPROVE** the 2027 rate for water of \$1.1073 per cubic meter.
- d) The Board **RECEIVE** the 2028 to 2036 Capital Forecast for information; and,
- e) The Board **RECEIVE** the 2025 to 2031 Flow and Financial Analysis for information.

Previous and Related Reports

None

Discussion

2027 Water Rate

It is proposed in this budget that the water rate for the wholesale of water to the benefiting municipalities be set at \$1.1073 per cubic meter. In responding to regulatory, operational, growth and inflationary pressures, this proposed 2027 rate represents a 3.5% increase from the current rate charged in 2026.

The rate proposed for the 2027 budget is consistent the projected rate increase previously reported to the Board in the Financial Plan approved in March 2023.

2027 Budget Volume

Projecting for the current rate of population and water demand growth within the benefiting municipalities, as well as anticipated impacts of development, industry and water conservation, the proposed 2027 treated water volume included in the budget of 15.5 million cubic meters represents a 4.3% reduction compared with the 2026 approved budgeted volume, and approximately 8.6% lower than the anticipated 2026 actual supplied volumes by year-end.

Approved 2026 budget volume	16,111,000 m ³
Anticipated 2026 year-end volume	16,774,500 m ³
Proposed 2027 budget volume	15,449,221 m ³

A conservative estimate of volume was utilized for the 2027 budget due to current supply patterns in Elgin County and remains reflective of long-term system consumption patterns throughout the region. While the City of London currently takes the minimum contracted block-volume of water daily of approximately 22.7 million litres per day, a new Water Supply Agreement with the city is anticipated by the end of 2026 which, in part, decreases the supplied to the city to the requirements of their southeast pressure zone. This change is water supply strategy for the City of London eliminates the minimum volume established in 1996 and will vary seasonally according to the demands within their pressure zone. This anticipated decrease in volume supplied to London also allows for the accommodation of increased water demands by other municipalities supplied by the water system as a result of County-wide residential and industrial growth.

Water demand projections and anticipated capital works are reviewed annually as part of the budget development process to ensure capital investments are appropriately coordinated and timed. The long-term volume projections identified in the Master Water Plan have incorporated into the current financial model and include the supply to the Yarmouth Yards industrial development lands in St. Thomas anticipated starting in 2028, as well as other development and growth within Elgin County.

Further, the regional water system's business case process promotes a risk mitigation and level of service strategy which further encourages the appropriate timing of necessary projects and investments.

Master Water Plan

The update to the Master Water Plan was approved by the Board in 2025. The corresponding long-term projections of water supplied to benefiting municipalities and the implications of growth-related drivers in the region have been incorporated into this budget to the extent reasonably possible. The projected increases in supply to the City of St. Thomas for the Yarmouth Yards industrial development, as well as growth within Elgin County, have accelerated the need for significant growth-related capital expenditures, including:

- The immediate addition of at least 54 million litres of storage at the Elgin Terminal Reservoir to optimize plant operation and treatment processes. No storage at the Elgin Terminal Reservoir is allocated for distribution-related storage, including peak consumption management or fire flows.
- The expansion of the water treatment plant from a current capacity of 91 million litres per day. Based on the revised projections for Yarmouth Yards, the expanded capacity must be available at least in part by no later than 2031 to meet the anticipated needs of the industrial development.
- The refurbishment of the pre-existing 750mm transmission pipeline be undertaken and completed no later than 2032 to support the projected supply to area municipalities.

These growth-related capital programs will require significant utilization of the Capital Reserve Fund and the use of debentures if other sources of financing are not available to the regional water system. A full expansion of the water treatment plant is currently estimated at \$400 million; however, a Schedule C Environmental Assessment has been initiated to fully assess the extent of a capacity expansion needed, as well the associated timing, phasing and costs.

It is specifically noted for the information of the Board that the current capital plan included in this report and associated budget includes the estimated \$400 million for the plant expansion; however, we have not included drawdowns from the Capital Reserve and for the purposes of this budget, external sources of finance have been assumed. The budget, financial projections and associated information will be further refined and updated following the completion of the Environmental Assessment process.

Operating Costs

The two largest individual operating costs for the water supply system are the contract costs for the operation and maintenance of the water supply system, and the purchase of electricity for the system. The 2027 budgeted costs for operations and maintenance related services and activities are approximately \$7.518 million, reflecting a 5.1% net increase compared to the 2026 budget, and includes \$1.25 million in anticipated energy costs. Energy saving initiatives, including the installation of new high lift pumps, have significantly contributed to the energy management strategy for the regional water system; however, increasing electricity commodity costs and other consumables expect to continue to have an ever-increasing impact on the cost of plant operations.

Of the \$7.518 million, energy currently comprises approximately 16.6% of operating expenditures, which is a 0.2% decrease from 2026.

The Service Fee currently paid to the Board's contracted operating authority, the Ontario Clean Water Agency (OCWA), consists of general operating costs such as labour, material, natural gas, chemicals, and other maintenance and repair services. As electricity can be highly variable on a year-over-year basis, the risk of market volatility has summarily been assumed by the Board and mitigated through the Board's energy procurement strategy, as well as conservation and efficiency programs implemented in partnership with the Board's contracted operating authority.

The forecasted capital plan continues to incorporate energy efficiency projects and other opportunities, where feasible, with further energy efficiency projects to be considered in the future and evaluated using the water system's business case process.

Administration and Other Expenses

The Administration and Other Expenditures projected for the 2027 budget of approximately \$4.192 million represents a \$427 thousand net increase over the 2026 budget amount. This net increase is due to numerous changes to the water supply system, including:

- **Management & Administrative Personnel:** projections for personnel costs have been adjusted as a result of increases reflective of Collective Agreements and cost of living. The budget also includes the addition of one new permanent position and one temporary position (both to be shared with the Lake Huron

Water System) to address the increased workload due to business needs and undertaking of duties previously purchased from the City of London and third-party vendors.

- Decreased fees charged by the City of London for numerous services and support due to the assumption of administrative support services from the City of London by Huron Erie Water.
- Increases to the Board's property, cyber insurance, Directors & Officers insurance, and general liability insurance policies.
- The increased costs to Information Technology due to implemented cyber security measures, network technology, and replacement of IT/OT assets; and,
- Cost savings related to administrative overhead.

Process Optimization

Efforts continue related to process optimization to improve treatment and transmission system performance, efficiency, and effectiveness with the intention of lowering long-term costs of operation and optimize future capital investments. In addition, process optimization has the added potential to increase capacity within an individual treatment unit without the corresponding potentially significant cost of construction of new treatment processes (i.e., expanding the treatment plant).

The 2024 Water Quality Facility Plan outlines recommended several process efficiency improvements to address treatment challenges which will restrict process efficacy in future as process flows increase to meet regional demands. Leveraging in-house resources and the use of partnerships with the Natural Sciences and Research Council of Canada (NSERC), Industrial Research Chair at the University of Toronto, as well as partnerships with the universities of Western Ontario and Waterloo, have allowed staff to reduce the associated operational costs without impacting the optimization program.

Administrative Staffing Plan

Since the issuance of the Transfer Order by the province of Ontario which created the Board and transferred ownership from the province, the City of London has provided specified administrative support services to the regional water systems on a fee for service basis. Historically, the scope of the services provided are largely associated with support for various financial services, procurement, information technology, risk & insurance management, and human resource management.

The terms of the services provided have never been clearly defined, and Board staff have been in discussions with the City of London to clearly define and establish a corresponding Service Level Agreement. While services such as human resource management and the utilization of the city's financial information management system continue to be part of the core services provided by the city to the Board, the proposed Service Level Agreement discussions have identified several areas in which

improvements can be made through the Board's assumption of the responsibilities or the use of third-party vendors.

For the Board's information and reference, it is important to note that all staff positions are shared with the Lake Huron Water Supply System, including the corresponding costs. Staff complements are reflected as a ½ full-time-equivalent (FTE) position for each Board within the respective operating budget.

Proposed 2027 Capital Budget

The proposed 2027 Capital Budget incorporates several projects to address capital improvements and critical reinvestment in the water supply system's assets, as well as regulatory requirements, ongoing and proposed Board initiatives. Project specific summaries are provided in [Appendix A](#) of this report for the Board's information.

In the development of the 2027 Capital Budget, a business case is created for each project which outlines the scope of the issue that needs to be addressed, options which can reasonably be considered, capital and operating cost estimates and implications, and the identification of project interdependencies. The business case process is linked with the water system's Customer Level of Service framework and Risk Mitigation strategy to better prioritize and direct funds in a more strategic fashion and in consideration of financial constraints which may be experienced.

Within this framework, a proposed capital project may be "lifecycle" in nature and required to maintain an existing level of service, and/or a "service improvement" investment which may address elements like:

- Enhancement to the level of service (including safety and security, energy efficiency improvements, system resiliency, and working conditions).
- Support of system growth, including the supply to new communities, or support projected increases in water demands to serviced communities.
- Address regulatory changes; and/or,
- Increase efficiency.

The level of capital investment will vary from year-to-year, most especially for projects related to system growth or supporting increasing water consumption. The Asset Replacement Reserve is used for lifecycle projects (maintain Level of Service), while the New Capital Reserve is used for system improvements (enhance Level of Service). A given project, in principle, may address multiple elements within the Level of Service framework (end-of-life replacement, improve energy efficiency, and/or address health & safety, regulatory, performance, etc.), and therefore may require the utilization of both the Asset Replacement Reserve (lifecycle) and the New Capital Reserve (service improvement and growth) as sources of funding.

As the regional water utility prepares for significant growth-related investments (service improvements), the utilization of the Asset Replacement Reserve for the maintenance of existing assets will marginally decrease in anticipation of the replacement and/or elimination of current assets.

Lifecycle Projects (Maintain Level of Service)

Proposed projects in the 2027 Capital Budget which primarily address maintaining the system's level of service are:

- Transmission Pipeline A Rehabilitation & Recommissioning
- Financial Plan Update
- High Lift Discharge Valve Replacements
- High Lift Analyzer Station Replacement
- Building Automation System Replacement
- Raw Water Valve Replacement
- Programmable Logic Controller Replacements
- Sample Line Replacement Program
- Terminal Reservoir Suction Inlet Valve Replacement
- SCADA Utility Power Supply Replacement
- Centrifuge Feed Pump Replacement

In addition to the above-noted capital projects, the 2027 Capital Budget includes EA4114 Annual Maintenance which funds, in part, maintenance and repair projects undertaken by the contracted operating authority, the Ontario Clean Water Agency.

All maintenance and repairs of the system's assets are the obligation of the contracted operating authority to undertake in accordance with the Service Agreement. For activities of maintenance and repair where the value of the material and any contracted specialty services exceed \$30,000 (adjusted annually by the Consumer Price Index), the Board is responsible for the value of the work that is more than the \$30,000 (as adjusted).

To facilitate this work, the Capital Budget includes an Annual Maintenance project which is utilized to fund this contractual obligation of the Board.

Service Improvement Projects (Enhanced Level of Service, Regulatory Changes, Efficiency)

Proposed projects in the 2027 Capital Budget for which the primary driver is service improvement are:

- Terminal Reservoir Expansion & Cell 1 & 2 Upgrades
- Fluoride Dosing Optimization
- Security Risk Assessment and Threat Vulnerability
- Sodium Hydroxide Optimization Study & Feed Line Replacement
- Remote Infrastructure Safety Upgrades

A summary of each of the projects is provided in [Appendix A](#) of this report.

Master Plan

The Master Plan, most recently updated and approved by the Board in 2025, is largely used for growth management. The Plan primarily assesses and anticipates necessary changes needed in the system to address growth in the communities currently services by the water system, as well as anticipate the addition of new communities.

The Master Plan is updated at least every five years and provides a 30+ year projection of asset investment needs. Following the Schedule C Environmental Assessment process currently underway for a proposed water treatment plant expansion, it is likely that the recently approved Master Plan will require an amendment to address anticipated changes in volume projections for the region.

Asset Management Plan

The Asset Management Plan approved by the Board in 2022, in part, provides an assessment of anticipated capital projects based on asset condition assessments and asset performance, as well as operational assessments provided by our contracted operating authority.

It is important to note that the anticipated projects in the first five-year planning period outlined in the Asset Management Plan tend to be based on risk mitigation addressing condition and/or performance, while projects in the remaining 25+ years of the Plan tend to be systemic or age-related in nature. In addition, the financial information presented in the Asset Management Plan is considered an “unconstrained” financial projection; meaning, without consideration of such things as other operational needs and financial constraints (e.g., borrowing capacity) that may be experienced by the water supply system.

The update to the Asset Management Plan is underway and is expected to be complete in mid-2027 and will be used for the next update to the Financial Plan in 2028 as well as future budget projections.

Financial Plan

The Financial Plan is utilized to incorporate the needs identified in the Asset Management Plan, the Master Water Plan (growth management study), and other planning studies undertaken by the utility, as well as the evolving operational and administrative needs of the system. The Financial Plan is used to better leverage and predict the financial requirements and consequential implications to the system. During the development of the annual budget, the projections in the approved 2023 Financial Plan are measured and adjusted according to actual conditions, which will consequently affect the capital plan in each fiscal year.

The approved 2023 Financial Plan recommends an average target year-end balance for the Asset Replacement Reserve in the order of \$4.0 million. Although the actual investment and rate of commitment may vary year to year, the current capital plan maintains the long-term average investment rate as outlined in the approved Asset Management Plan and Financial Plan.

In contrast, the New Capital Reserve is intended to grow significantly over time to provide a sufficient base for funding of large growth-related projects in future. The balance of generational investment equity (i.e., utilization of reserve funds established by current users versus debt incurred and paid by future users) has yet to be fully quantified and may be addressed in future Financial Plan studies.

Within the forecast period, the Capital Plan currently anticipates the expansion of the Terminal Reservoir by 2029 to balance plant flow requirements in support of the increased supply to St. Thomas for the Yarmouth Yards industrial area and other identified growth within Elgin County. The recommendations outlined in the approved Master Water Plan is anticipated to have an impact on the long-term financial requirements to address growth-related projects and confirm the timing of needed investments. This includes the expansion of treatment plant and modifications to existing treatment processes to address growth in the region.

Staff continue to be satisfied that the issue of generational equity can be addressed within a reasonable timeframe; however, it is likely that short-term investments required to support growth-related projects will likely require significantly more use of Capital Reserves rather than debentures in order to limit long-term financial implications to the benefiting municipalities.

EMPS Building and Building-Related Assets

The Elgin-Middlesex Pump Station at the Elgin Terminal Reservoir property houses the pumps, piping, control systems, pressure surge controls and associated piping related secondary pumping systems for the City of London, the St. Thomas Secondary Water System, and the Aylmer Secondary Water System. The Elgin Board previously agreed to own and maintain the common building and building-related assets and entered into a long-term Joint Use and Occupancy Agreement with the secondary water systems and the City of London.

The agreement confirms the ownership and responsibilities related to the occupancy and use of the common building and, among other things, establishes a fee for occupancy on a square meter basis. The annual fee collected provides an annual contribution to a dedicated reserve fund which is now utilized by the Elgin Area Water System for the maintenance and repair of the building and building-related assets. All capital projects directly related to the Elgin-Middlesex Pump Station building and building-related assets are now specifically identified in the capital plan and the corresponding dedicated reserve fund identified in the Sources of Finance for the Capital Budget.

The cost of operating the pumps and associated equipment of the secondary water systems continues to be borne by the occupants and not the regional water utility.

The Board approved a Licence of Occupancy agreement with the City of St. Thomas which allowed the city to design, construct and operate a separate pump station on the Elgin Terminal Reservoir property owned by the Board. All costs associated with the building and new pump station are the responsibility of the City of St. Thomas.

Capital Plan & Forecast

Several capital projects are projected beyond the 2027 Capital Budget year, which will have an impact on the financial forecast and future water rates for the water system. As previously noted, staff undertake a business case assessment for each project in support of budget approval to confirm the costs, timing, and priority of the project, consistent with our Customer Level of Service framework and Risk Mitigation strategy.

The projected capital plan (2028 to 2036) includes an allocation for anticipated systemic-related but unspecified asset investments starting in 2027 (identified as “*AMP Investments*”). This reflects the age-related projections previously included in the approved 2022 Asset Management Plan. As condition, performance, and risk assessments are completed, business cases are undertaken to identify and prioritize the expenditures and replace these “*AMP Investments*” allocations in the long-term plan. For the time being, and for planning purposed only, these “*AMP Investments*” placeholders are included in the capital projections beyond the proposed budget to accommodate likely future investments and impacts to the corresponding Reserve Funds.

The projected capital plan (2028 to 2036) also includes an allocation for anticipated systemic but unspecified asset investments starting in 2028 (identified as “*Future Projects*”). This includes projects related to improving process efficiency and projects to address treatment challenges which may restrict process efficacy in future as recommended in the 2024 Water Quality Facility Plan. Business cases for these specific projects will be completed for the purposes of Budget approval to identify and prioritize the expenditures and replace these “*Future Projects*” allocations in the long-term capital plan. For the time being, and for planning purposed only, these “*Future Projects*” placeholders are included in the capital projections beyond the proposed budget to accommodate likely future investments and impacts to the corresponding Reserve Funds.

Volume and Financial Analysis

Included in the budget package is a projection of annual volumes and finances beyond 2027 and provides a summary analysis of one option for rate increases and the use of debt (if any) where a debenture is identified in the Reserve Fund Continuity Schedules. This projection has incorporated the principles and recommendations from the approved Financial Plan but has been adjusted to reflect the current anticipated volume projections and corresponding revenues.

The projected operating expenses beyond 2027 utilize the contracted operating costs of the amended operating agreement with the Ontario Clean Water Agency. The projected operating expenses further assume that the future cost of operating the system is consistent with the current operating agreement which ends on December 31, 2027. Significant changes in contracted operating costs that may occur after January 1, 2028, including the cost and availability of chemicals and consumables for the water treatment processes, may have a considerable impact on future operating costs. Best efforts were made to anticipate current market instability due to international trade negotiations and relations, and further adjustments to future cost projections may be required if circumstances change significantly.

In addition, energy expenditures projected beyond 2027 have assumed a reasonable escalation of costs, tied to the anticipated annual volumes projected and consequential savings from various efficiency-related investments. At this time, the water system is well positioned to mitigate energy related risks and take advantage of cost savings where available.

As identified in the approved 2023 Financial Plan, staff are projecting a 3.5% annual increase in the rate in 2027, followed by 3.0% increases thereafter. This rate projection will be revisited once the financing and debt requirements, if any, are known for the anticipated water treatment plant expansion.

Reserve Funds

Conceptually, the Asset Replacement Reserve is required to provide a stable source of funding for capital programs designed to replace, maintain, and extend the life of existing assets to realize their full potential. Accordingly, the contribution to the Asset Replacement Reserve fund year-over-year should be relatively consistent and match the projected lifecycle needs of the system. On average and over the long-term, the Asset Replacement Reserve balance should be in the order of \$4.0 million to ensure a consistent funding source.

Conversely, the New Capital Reserve Fund is intended for growth-related capital programs and various system and performance improvement initiatives. As these programs tend to be periodic in nature, the reserve fund balance in the New Capital Reserve may significantly increase or significantly decrease in any given year depending on the timing of the programs undertaken and scope of the investments.

The Emergency Reserve Fund is intended to fund unplanned and unanticipated emergency-related projects such as pipeline failures, tank ruptures, shoreline erosion and treatment process failures. In accordance with the Board's direction, the target balance of the Emergency Reserve Fund is established at \$2.0 million, wherein contributions will be discontinued when the Emergency Reserve Fund balance reaches the target value.

Debentures

There are several debentures previously approved by the Board and issued by the City of London on the water system's behalf, are nearing the end of their term within the current forecast period. These debentures are:

- Debt authorized in 2011 for the Residuals Management Facility (EA4023) in the amount of \$19 million was partially issued in 2016 (\$7 million) with payments beginning in September 2016 (2.3% for a 10-year term) and a further debt issuance in 2017 (\$4.5 million) with payments beginning in September 2017 (2.48% for a 10-year term).

The need for future debentures will be assessed as part of the upcoming update of the Financial Plan to be undertaken in 2027.

Acknowledgement

The preparation of the 2027 Operating and Capital budgets were undertaken by the Regional Water Division staff, with the assistance by the City of London Financial Services.

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Attachments: Appendix A – 2027 Capital Project Summary
2027 Operating & Capital Budgets, and Nine-Year Capital Forecast

Appendix A: 2027 Proposed Capital Project Summaries

Lifecycle Projects (Maintain Level of Service)

Transmission Pipeline A Rehabilitation & Recommissioning (multi-year program): This multi-year program is to rehabilitate and recommission Pipeline A to provide transmission main redundancy and capacity in time for regional growth expected in the system. The 2027 project will be to a timing and capacity assessment based on anticipated flows in the system, to confirm rehabilitation and recommissioning activities currently ear-marked for 2029-2031.

EA4152 PLC Replacements (multi-year program): Programmable Logic Controllers (PLCs) control and monitor vital plant equipment. Many of the existing controllers and supporting hardware are no longer supported and require replacement. The bulk of the project is to replace the PLCs associated with electrical switchgear and generators that have reached the end of their useful life over a 3-year period that started in 2025. The specialized nature of these controllers and control system makes it difficult to seek local support and source spare parts in case of a catastrophic failure. PLCs are critical to the operation of all power systems at the plant and if they fail it could result in an unplanned plant shutdown for an extended period if not replaced in a timely fashion.

Financial Plan Update: Every five years the regional water system undertakes a comprehensive review of financial policies and funding requirements to ensure the long-term sustainability of the regional water system. The Financial Plan incorporates the identified operational needs of the water system with the investments identified in the latest versions of the Asset Management Plan (systemic replacement and rehabilitation) and Master Water Plan (growth-related projects).

EA4206 Sample Line Replacement Program (multi-year program): The galvanized pipe and copper sample lines throughout the plant are prone to leaking and corrosion deterioration and reaching the end of their useful life. This project will replace the sample lines throughout the facility over a four-year period starting in 2025.

EA4224 High Lift Discharge Valve Replacement (multi-year program): The existing isolation valves for the High Lift Pumps are at the end of their useful life, have a high cost of maintenance and high friction loss resulting in increased energy consumption. This project is to replace the discharge valves with low resistance check valves, as well as the replacement of the isolation butterfly valves with new actuated butterfly valves to control transients surging on startup and shutdown to allow for smoother startup/shutdown over a two-year period starting in 2026. With the new valves in place, energy savings and the ability to utilize the existing variable frequency drives to better control the discharge flow will be realized.

Terminal Reservoir Suction Inlet Valve Replacement: This project is to replace the suction inlet valve at the terminal storage reservoir that is at the end of its useful life and original to facility construction.

High Lift Analyzer Station Replacement: The high lift analyzer station is at the end of its useful life, has corroded piping and wiring that may lead to data loss and false positives. This project is to replace the analyzer station to maintain operational level of service and ensure compliance and contractual requirements are met.

Supervisory Control and Data Acquisition (SCADA) Utility Power Supply (UPS) Replacement: This UPS provides uninterrupted power to the servers, main PLC's and network devices that control the operation of this facility. A failure of this unit could cause damage to servers and other network equipment. The current unit has failed, and a rental unit is currently in place. This project is to purchase and install a new unit.

Building Automation System (BAS) Replacement: The PLCs, servers and other associated equipment for the plant heating ventilation and air conditioning (HVAC) system are at end of life and replacement. This project is to replace the building automation system. control systems for the HVAC, including new BAS engines, computers, servers and connecting the high lift electrical HVAC to the system.

Centrifuge Feed Pump Replacement: The Centrifuge feed pumps are at end of life, were rebuilt several times and are functioning at 50% rated capacity or less. This project is to replace the feed pumps with progressive cavity feed pumps to ensure the ability to process sludge at higher demand and flow rates is maintained.

Raw Water Valve Replacement: The raw water actuators for the raw water inlet valves feeding the floc tanks are at end of life and showing signs of failure. This project is to replace the valves and actuators to ensure that level of service is maintained.

Service Improvement Projects (Enhanced Level of Service, Regulatory Changes, Efficiency)

EA4222 Terminal Storage Reservoir Cell 1 & 2 Upgrades (multi-year project): This project is to double the capacity of the terminal storage reservoir from 54 megalitres to 108 megalitres to provide the necessary operational load balancing and flexibility in response to growth in the region. In conjunction with the expansion, upgrades to the terminal storage reservoir Cells #1 & #2 in the form of new waterproofing membranes, insulation, and subdrain drainage system across the top of the roof of reservoir Cells 1 & 2 will be undertaken.

EA4226 Sodium Hydroxide Optimization Study & Feed Line Replacement (multi-year project): Currently the sodium hydroxide system manages pH to proactively mitigate corrosion in our primary transmission system. This study is to determine if there is a

more efficient alternative to be considered than the existing system and replace the existing feed lines over a two-year period starting in 2026.

Security Risk Assessment and Threat Vulnerability: A security audit and threat risk vulnerability assessment was completed over 10 years ago. This new audit will identify current risks and vulnerabilities to employees, contractors, assets and facilities and determine if current security practices appropriately mitigate risks or recommend best practices to lessen them.

Fluoride Dosing Optimization: The fluoride dosing pumps are at end of life and require frequent maintenance intervention to correct dosing issues. This project is to upgrade the current system by replacing the pumping system and connecting it directly to the storage tanks thereby removing the day tank set up and eliminating frequent maintenance intervention to correct dosing issues.

Remote Infrastructure Safety Upgrades: Current parking at some remote infrastructure locations do not allow for Ministry of Transportation (MTO) Book 7 short-term duration stop requirements to be met. This project is to construct appropriate measures to ensure that all the remote infrastructure sites align with the MTO Book 7 guidelines and show the Utility's due diligence in protecting workers.



Elgin Area

Primary Water Supply System

**2027 Operating and Capital Budgets
and Nine Year Capital Forecast**

October 1, 2026

Elgin Area Primary Water Supply System

2027 Budget

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Elgin Area Primary Water Supply System
2027 Budget
Revenue and Expenditure Summary
(\$000's)

	2026 Approved Budget	2027 Proposed Budget	Incr (Decr)	% Budget Incr (Decr)	2026 Year End Projection
Revenues:					
Volume Revenues ⁽¹⁾	17,237	17,107	(130)	(0.8%)	17,947
EMPS Occupancy	222	222	0	0.0%	222
Other Revenues	31	31	0	0.0%	51
Total Revenues	17,490	17,360	(130)	(0.7%)	18,220
Expenditures:					
Operating Costs ⁽²⁾	7,153	7,518	365	5.1%	6,967
Administration and Other Expenditures	3,766	4,193	427	11.3%	3,585
Debt Principal Repayments ⁽³⁾	1,255	503	(752)	(59.9%)	1,255
Interest on Long Term Debt ⁽³⁾	26	4	(22)	(84.6%)	26
Contribution to Reserve Funds	5,290	5,143	(147)	(2.8%)	6,386
Total Expenditures	17,490	17,360	(130)	(0.7%)	18,220

* subject to rounding

Notes:

(1) See the Flow and Financial Analysis Summary for details on volumes, rates and revenues.

(2) Part of the operating costs are direct to the Elgin Area system (i.e. electricity), while all other costs are fixed to the annual operating costs in the bid price from the Ontario Clean Water Agency and other contracted services.

(3) Refer to Flow and Financial Analysis Summary for more information on debt.

Elgin Area Primary Water Supply System
2027 Budget
Administration & Other Expenditures
(\$000's)

	2026 Approved Budget	2027 Proposed Budget	Incr (Decr)	% Budget Incr (Decr)	2026 Year End Projection
Management & Administrative Personnel	1,636	1,832	196	12.0%	1,496
Support and Overhead Costs ⁽¹⁾	120	123	3	2.5%	179
Payment in Lieu of Taxes	438	454	16	3.7%	428
Insurance (Director & Officers, General Liability)	547	590	43	7.9%	502
Financial/Office Expenses ⁽²⁾	261	364	103	39.5%	221
Information Technology Maintenance & Fees ⁽³⁾	224	249	25		250
Process Optimization	75	75	0	0.0%	75
Purchased Services (Legal, Consulting, Locates, etc.)	463	505	42	9.1%	426
Total Administration & Other Expenditures	3,766	4,193	427	11.3%	3,577

* subject to rounding

Notes:

(1) Support and Overhead Costs reflect the costs charged by the Administering Municipality for various administrative functions (e.g. Finance, Purchasing, Human Resources, Risk Management, etc.).

(2) Financial/Office Expenses include administrative expenses such as leased space, training/seminars/conventions, computer leasing, and sampling and research initiatives.

(3) Costs and charges related to computers, software, network communications, and SCADA system maintenance including plant instrumentation

Elgin Area Primary Water Supply System
2027 Budget
2027 Capital Plan with Forecast for 2028 to 2036
(\$000's)

#	Description	Project Total	Prior Years Budget	2026 Approved Budget	2027 Proposed Budget	Forecast				
						2028	2029	2030	2031	2032 to 2036
EA1026	RW Office Expansion & Renovation	200	200							
EA2019-24	Master Plan Update	485	335				150			
EA3010	IT Asset Replacement Program	821	571	250						
EA3011	Plant Interior Person Door Replacement	60	60							
EA3012	Interior LED Lighting Upgrades	75	75							
EA3013	Plant Reservoir Drain Repairs	200	200							
EA3016	Safety Showers Upgrade	60	60							
EA3017	Exterior WTP Building Seals	60	60							
EA3018	Cyber Intrusion Detection System	185	10	175						
EA3020	Roof Replacement	625	625							
EA4020	Financial Plan Update 2021	50	50							
EA4022	Security Upgrades	1,225	1,125	100						
EA4039	Record Drawings & Documents	255	255							
EA4068	Pipeline 'A' Rehabilitation & Recommissioning				150		2,000	1,000	1,000	
EA4073	Plant Instrumentation	577	577							
EA4114 xx	Annual Maintenance ⁽¹⁾	2,100	1,000	100	100	100	100	100	100	500
EA4132	Alum Storage Tanks	825	825							
EA4135	Hydraulic/Transient Model Update & Transient Monitoring	237	237							
EA4136	Service Water Piping Replacement	75	75							
EA4137	LL Service Water Connection	750	750							
EA4138	Parking Lot Asphalt Resurfacing	440	125	315						
EA4152	PLC Replacements	840	315	275	250					
EA4153	Back Wash Pump Replacement	3,859	3,859							
EA4166	SCADA/PLC - Software Review/Upgrade	500	500							
EA4171	Backwash Drain Valve Actuators	175	175							
EA4172	Dedicated Raw Water Sample Line	90	90							
EA4177	Railings and Guarding	350	350							
EA4183	UV & Backwash Pump Replacements	8,950	8,950							
EA4184	Water Quality Facility Plan	540	290					250		
EA4185	Construction Site Trailer Pad & Electrical Pedestal	25	25							
EA4186	Sodium Hydroxide Assessment Study	130	130							
EA4187	EMPS - Utility Pole Replacement	15	15							
EA4188	Lighting/Breaker Panel Replacement	100	100							
EA4189	RMF Mixing Pump Replacement	100	100							
EA4190	RMF Total Chlorine Residual Compliance	50	50							
EA4191	Roof Drain Replacements	100	100							
EA4192	Flocc Tank Influent Distribution Upgrades	100	100							
EA4193	Elgin Standby Generator TSSA Repairs	290	290							
EA4194	Asset Condition Field Assessment	135	135							
EA4195	Electric Vehicle Charging Stations	60	60							
EA4196	St. Thomas Meter Replacement	150	150							
EA4198	Elgin Filter Emergency Repairs	608	608							
EA4199	Office Expansion	100	100							
EA4200	Service Water Study	120	120							

Elgin Area Primary Water Supply System
2027 Budget
2027 Capital Plan with Forecast for 2028 to 2036
(\$000's)

#	Description	Project Total	Prior Years Budget	2026 Approved Budget	2027 Proposed Budget	Forecast				
						2028	2029	2030	2031	2032 to 2036
EA4201	Climate Change Resiliency Assessment	240	240							
EA4202	Low Lift Sluice Gate Replacement	550	350	200						
EA4204	Financial Plan Update	100			50				50	
EA4205	Plant Wi-Fi Upgrade & Replacement	620	620							
EA4206	Sample Line Replacement Program	125	35	45	45					
EA4207	Low Lift Discharge Valve Replacements	490	490							
EA4208	Terminal Storage Reservoir Cell 1 Upgrades	400	100	300						
EA4209	High Lift Garage Door Replacement	50	50							
EA4210	Plant Front Entrance Steps Replacement	50	50							
EA4211	Fruit Ridge Surge Facility Health and Safety Equipment Upgrades	70	70							
EA4212	Low Lift Instrument Panel Replacement	40	40							
EA4213	Plant Tanks & Channels Concrete Repairs	45	45							
EA4214	RMF Tank Mixing Study	35	35							
EA4215	RMF Sodium Bisulphite Room Exhaust Upgrades	35	35							
EA4216	PAC Dosing Strategy Optimization	65	65							
EA4217	Taste & Odour Management Optimization	520	245	275						
EA4218	Plant MCC Component Upgrades	400	400							
EA4219	Transmission System Precipitate Investigation	25	25							
EA4220	Operations & Maintenance Procurement Advisory Services	250	250							
EA4221	Division Vehicle	21	21							
EA4222	Elgin Terminal Reservoir Expansion	63,550	50		63,500					
EA4223	Asset Management Plan Update	400		250					150	
EA4224	High Lift Discharge Valve Replacement	500		250	250					
EA4225	Remote Site Cellular Connection Back-up	100		100						
EA4226	Sodium Hydroxide Optimization Study	105		75	30					
EA4227	B-Line Isolation Valve Gearbox Replacements	125		125						
EA4228	RMF Sludge Mixer	225		225						
EA4229	High Lift Hydrant Line Replacement	100		100						
EA4230	Header Isolation Valve Replacements	200		200						
EA4231	Water Treatment Plant Expansion	400,000		2,000			8,000		390,000	
EA4232	Backwash Sequence Compliance	60		60						
EA4233	Plant Reservoir Expansion Joint Repairs	126		126						
Proposed	Security Risk Assessment and Threat Vulnerability	95			95					
Proposed	Terminal Reservoir Suction Inlet Valve Replacement	250			250					
Proposed	Centrifuge Feed Pump Replacement	240			240					
Proposed	Building Automation System Replacement	120			120					
Proposed	Raw Water Valve Replacement	110			110					
Proposed	High Lift Analyzer Station Replacement	100			100					
Proposed	SCADA Utility Power Supply Replacement	90			90					
Proposed	Fluoride Dosing Optimization	120			120					
Proposed	Remote Infrastructure Safety Upgrades	50			50					

Elgin Area Primary Water Supply System
2027 Budget
2027 Capital Plan with Forecast for 2028 to 2036
(\$000's)

#	Description	Project Total	Prior Years Budget	2026 Approved Budget	2027 Proposed Budget	Forecast				
						2028	2029	2030	2031	2032 to 2036
	Future Projects <i>(allowance for planning purposes)</i>	7,877				1,245	3,522	3,110		
	AMP Investments <i>(allowance for planning purposes)</i>	18,632				1,038	1,161	2,328	3,070	11,035
Elgin Capital Subtotal		\$ 523,998	\$ 27,043	\$ 5,546	\$ 65,550	\$ 2,383	\$ 14,933	\$ 6,788	\$ 394,370	\$ 11,535

EMPS Capital Budget										
EA3025	EMPS - HVAC Replacement	375	375							
EA3026	EMPS - MCC Replacement	300	300							
EA4197	EMPS - Roof Replacement	350	350							
EA4203	EMPS - Asset Management Plan Update	140	140							
EMPS Capital Subtotal		\$ 1,165	\$ 1,165	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Total Capital & Forecast		\$ 525,163	\$ 28,208	\$ 5,546	\$ 65,550	\$ 2,383	\$ 14,933	\$ 6,788	\$ 394,370	\$ 11,535

* subject to rounding

Notes:

- (1) Capital account for Board contributions to maintenance projects undertaken by the operating authority.

**Elgin Area Primary Water Supply System
2027 Budget
Capital Plan Sources of Financing
(\$000's)**

Funding Source	2025 Actual	2026 Approved Budget	2027 Proposed Budget	2028	2029	2030	2031
Asset Replacement Reserve Fund	6,642	2,623	1,618	2,383	6,821	6,538	4,220
Capital Reserve Fund	6,268	2,738	3,933	-	8,113	250	150
Emergency Reserve Fund	-	-	-	-	-	-	-
EMPS Building Reserve Fund	-	-	-	-	-	-	-
Debenture	-	-	-	-	-	-	-
Other Sources of Financing	-	-	60,000	-	-	-	390,000
Total Capital Funding	\$ 12,910	\$ 5,360	\$ 65,550	\$ 2,383	\$ 14,933	\$ 6,788	\$ 394,370

* subject to rounding

Elgin Area Primary Water Supply System
2027 Budget
Asset Replacement Reserve Fund Analysis and Continuity Schedule
(\$000's)

Asset Replacement Reserve Fund ⁽¹⁾	Actual	Approved Budget	Proposed Budget	Projected			
	2025	2026	2027	2028	2029	2030	2031
Reserve Fund Opening Balance	10,440	14,777	7,661	6,285	4,194	4,014	4,031
Sources:							
Current Year Operating	5,359	-	-	-	6,200	6,000	3,600
Other Revenues - Inter-fund Repayment ⁽⁴⁾	-	-	-	-	-	-	-
Transfer from Capital Reserve							
Net Interest Earnings ⁽²⁾	587	300	241	292	441	555	657
Total Sources	\$ 16,386	\$ 15,077	\$ 7,902	\$ 6,577	\$ 10,835	\$ 10,569	\$ 8,288
Uses:							
Total Lifecycle Capital Projects	1,609	2,623	1,618	2,383	6,821	6,538	4,220
Less: Other Funding Sources	-	-	-	-	-	-	-
Less: Debenture Requirement							
Miscellaneous Transfers/Expenditures							
Less: Inter-fund Loan ⁽⁴⁾	-	-	-	-	-	-	-
Net Current Year Fund Draws ⁽³⁾	1,609	2,623	1,618	2,383	6,821	6,538	4,220
Prior Years Capital Expenditures ⁽³⁾		4,793					
Total Uses	\$ 1,609	\$ 7,416	\$ 1,618	\$ 2,383	\$ 6,821	\$ 6,538	\$ 4,220
Reserve Fund Ending Balance	\$ 14,777	\$ 7,661	\$ 6,285	\$ 4,194	\$ 4,014	\$ 4,031	\$ 4,068

* subject to rounding

Notes:

- (1) The Asset Replacement Reserve Fund was established to fund projects of a lifecycle nature to maintain existing levels of service and has an average annual target ending balance of \$4.0M.
- (2) Projected net interest earnings based on an average rate of anticipated sources and uses of funds.
- (3) Drawdowns are based on full/committed capital needs and not intended to project the actual cash flow of funds being utilized in a particular year.
- (4) Inter-fund lending between reserve funds to temporarily finance capital cash flow deficiencies. Inter-fund repayments include principal and interest.

Elgin Area Primary Water Supply System
2027 Budget
New Capital Reserve Fund Analysis and Continuity Schedule
(\$000's)

Capital Reserve Fund ⁽¹⁾	Actual	Approved Budget	Proposed Budget	Projected			
	2025	2026	2027	2028	2029	2030	2031
Reserve Fund Opening Balance	9,980	8,085	8,539	9,583	18,358	15,682	24,319
Sources:							
Current Year Operating	0	4,759	4,613	8,294	4,797	7,937	13,848
Other Revenues - Inter-fund Repayment ⁽⁴⁾	0	0	0	0	0	0	0
Dutton Buy-In ⁽⁴⁾	21	35	29	30			
Net Interest Earnings ⁽²⁾	462	220	334	451	640	950	1,465
Total Sources	10,463	13,099	13,515	18,358	23,795	24,569	39,632
Uses:							
Total System Improvement & Growth Projects	2,378	2,738	3,933	0	8,113	250	150
Less: Other Funding Sources	0	0	0	0	0	0	0
Less: Debenture Requirement							
Less: Additional Capital Drawdowns							
Miscellaneous Transfers/Expenditures							
Less: Inter-fund Loan ⁽⁴⁾							
Net Current Year Fund Draws ⁽³⁾	2,378	2,738	3,933	0	8,113	250	150
Transfer to Asset Replacement Reserve		1,822					
Prior Years Capital Expenditures							
Total Uses	2,378	4,560	3,933	0	8,113	250	150
Reserve Fund Ending Balance	8,085	8,539	9,583	18,358	15,682	24,319	39,482

* subject to rounding

Notes:

(1) The New Capital Reserve Fund was established to fund projects related to system growth, enhancing levels of service, or address issues which are regulatory or safety in nature.

(2) Projected net interest earnings based on an average rate of anticipated sources and uses of funds.

(3) Drawdowns are based on full/committed capital needs and not intended to project the actual cash flow of funds being utilized in a particular year.

(4) Payment of Buy-In Charge by the Municipality of Dutton-Dunwich per agreement

**Elgin Area Primary Water Supply System
2027 Budget
Emergency Reserve Fund Analysis and Continuity Schedule
(\$000's)**

Emergency Reserve Fund ⁽¹⁾	Actual	Approved Budget	Proposed Budget	Projected			
	2025	2026	2027	2028	2029	2030	2031
Reserve Fund Opening Balance	724	1,071	1,414	1,768	1,932	2,000	2,070
Sources:							
Current Year Operating	300	300	300	100	-	-	-
Net Interest Earnings ⁽²⁾	47	43	54	64	68	70	72
Total Sources	\$ 1,071	\$ 1,414	\$ 1,768	\$ 1,932	\$ 2,000	\$ 2,070	\$ 2,142
Uses:							
Current Year Capital Expenditures							
Prior Years Capital Expenditures							
Total Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Ending Balance	\$ 1,071	\$ 1,414	\$ 1,768	\$ 1,932	\$ 2,000	\$ 2,070	\$ 2,142

* subject to rounding

Notes:

(1) The Emergency Reserve Fund was established to fund projects that arise on an emergency basis. This funding is to be in place outside of the Capital and Asset Replacement Reserve Funds and their defining guidelines. Contributions will stop once the reserve fund balance reaches \$2.0 million.

(2) Projected net interest earnings based on an average rate of anticipated sources and uses of funds.

Elgin Area Primary Water Supply System
2027 Budget
EMPS Building Reserve Fund Analysis and Continuity Schedule
(\$000's)

EMPS Building Reserve Fund ⁽¹⁾	Actual	Approved Budget	Proposed Budget	Projected			
	2025	2026	2027	2028	2029	2030	2031
Reserve Fund Opening Balance	743	1,021	1,292	1,572	1,862	2,162	2,473
Sources:							
Current Year Operating	231	231	231	231	231	231	231
Other Revenues - Inter-fund Loan ⁽⁴⁾	-	-	-	-	-	-	-
Net Interest Earnings ⁽²⁾	47	40	49	59	69	80	91
Total Sources	\$ 1,021	\$ 1,292	\$ 1,572	\$ 1,862	\$ 2,162	\$ 2,473	\$ 2,795
Uses:							
Total EMPS Projects	-	-	-	-	-	-	-
Less: Other Funding Sources							
Less: Debenture Requirement							
Less: Additional Capital Drawdowns							
Net Current Year Fund Draws ⁽³⁾	-	-	-	-	-	-	-
Prior Years Capital Expenditures ⁽³⁾			0				
Miscellaneous Transfers/Expenditures							
Inter-fund Loan Repayments - Asset							
Replacement Reserve Fund ⁽⁴⁾	-	-	-	-	-	-	-
Principal							
Interest		-	-	-	-	-	-
Inter-fund Loan Repayments - New Capital							
Reserve Fund ⁽⁴⁾	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Ending Balance	\$ 1,021	\$ 1,292	\$ 1,572	\$ 1,862	\$ 2,162	\$ 2,473	\$ 2,795

* subject to rounding

Notes:

(1) The EMPS Building Reserve Fund was established to fund capital costs strictly associated with the Elgin-Middlesex Pumping Station. Current year operating contributions are solely related to occupancy fees charged to the benefiting systems.

(2) Projected net interest earnings based on an average rate of anticipated sources and uses of funds.

(3) Drawdowns are based on full/committed capital needs and not intended to project the actual cash flow of funds being utilized in a particular year.

(4) Inter-fund lending between reserve funds to temporarily finance capital cash flow deficiencies. Inter-fund repayments include principal and interest.

**Elgin Area Primary Water Supply System
Volume and Financial Analysis Summary
(\$000's)**

Factors	Actual	Approved Budget		Proposed Budget	Projected			
	2025	2026	2026 (Projected)	2027	2028	2029	2030	2031
Rate Increase ⁽¹⁾	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Total Volume m ³	16,792,855	16,111,000	16,774,500	15,449,221	17,778,354	19,614,747	21,615,397	23,944,557
Total Water Rate \$/m ³	1.0337	1.0699	1.0699	1.1073	1.1405	1.1748	1.2099	1.2462
Volume Revenues	17,359	17,237	17,947	17,107	20,277	23,043	26,153	29,840
Other Revenue	319	253	273	253	253	253	253	253
Total Revenue	\$ 17,678	\$ 17,490	\$ 18,220	\$ 17,360	\$ 20,530	\$ 23,296	\$ 26,406	\$ 30,093
Operating Costs ⁽²⁾	7,010	7,153	6,967	7,518	7,704	7,743	7,782	7,823
Administrative Expenses	3,489	3,766	3,585	4,192	4,202	4,325	4,455	4,591
Debt Servicing Costs ⁽³⁾	1,289	1,281	1,281	507	-	-	-	-
Total Operating & Administrative Expenses	\$ 11,788	\$ 12,200	\$ 11,833	\$ 12,217	\$ 11,906	\$ 12,068	\$ 12,237	\$ 12,414
Asset Replacement Reserve Fund Contributions	5,359	-	-	-	-	6,200	6,000	3,600
Capital Reserve Fund Contributions	-	4,759	5,855	4,613	8,294	4,797	7,937	13,848
Emergency Reserve Fund Contributions	300	300	300	300	100	-	-	-
Other Contributions:								
EMPS Building Reserve Fund Contributions	231	231	231	231	231	231	231	231
Total Expenses	\$ 17,678	\$ 17,490	\$ 18,220	\$ 17,360	\$ 20,530	\$ 23,296	\$ 26,406	\$ 30,093

* subject to rounding

Notes:

(1) Percent rate increases recommended are consistent with the approved Financial Plan which provide for prudent financial planning to accommodate inflation, new capital requirements, and adequate reserve fund balances.

(2) Operating expense projections reflect annual inflationary increases and anticipated adjustments in accordance with the service agreement with the contracted operating authority.

(3) Debentures:

- Debt authorized (2011) for the Residuals Management Plant (EA4023) in the amount of \$19 million with partial issuance in 2016 (\$7M) and payments beginning Sept/16 (all-in rate of 2.3% for a 10 year term), further debt issuance in 2017 in the amount of \$4.5M and payments beginning in Sept/17 (all-in rate of 2.48% for a 10 year term).

Board of Management Report

Subject: Dispute Resolution Procedure

Overview:

- The Transfer Order issued by Ontario in 2000 included a provision that the Board will develop a dispute resolution process. That process must be undertaken and fail prior to an application to the Ontario Municipal Board.
- The Board enacted a by-law in 2008 which established an escalation process for resolving disputes, starting with meetings between the parties, escalating through mediation before an application to the Ontario Municipal Board or other tribunal or court having jurisdiction.
- The proposed resolution process includes the option of alternative dispute resolution and other non-adversarial processes, including restorative peacemaking.

Recommendation

That the Board of Management for the Elgin Area Water Supply System take the following actions with regard to the resolution of disputes among the benefiting municipalities in relation to the treatment and supply of drinking water:

1. That the proposed Dispute Resolution By-law for the Elgin Area Primary Water Supply System, as attached to this report, **BE ACCEPTED IN PRINCIPLE**; and,
2. The Board of Management for the Elgin Area Primary Water Supply System **DIRECT** staff to circulate this report and the proposed draft Dispute Resolution by-law to the benefiting municipalities for their respective review and comment.

Previous and Related Reports

December 11, 2008 Dispute Resolution Process

October. 9, 2008 Dispute Resolution Process

Background

The Transfer Order issued by the Province of Ontario, transferring ownership of the Elgin Area Primary Water Supply System to the benefiting municipalities and establishing the Board of Management, included a requirement for the Board of Management to develop and agree to a dispute resolution process. In addition, the benefiting municipalities must attempt and fail to resolve the dispute by the agreed upon dispute resolution process prior to applying to the Ontario Municipal Board as provided for by subsection 6(4) of the *Municipal Water and Sewage Systems Act, 1997*.

The Transfer Order allows for the creation and alteration of the dispute resolution process and other management arrangements established by the Transfer Order to be changed upon approval of the Board Members.

On December 11, 2008, the Board of Management for the Elgin Area Water Supply System unanimously authorized a Dispute Resolution Process and enacted by by-law. The basic principles established in the 2008 process utilize a systematic escalation procedure:

- The Chief Administrative Officers correspond and meet to resolve
- If resolution is not achieved, a meeting of the Board of Management is convened to resolve
- If resolution is not achieved, the matter proceeds to mediation
- If resolution is not reached, the matter proceeds to the Ontario Municipal Board.

The process implemented in 2008 ensured that all reasonable attempts were made to resolve a dispute among the benefiting municipalities with regard to the treatment and supply of drinking water by the Elgin Area Water Supply System, and any related management and administration processes, prior to proceeding to the Ontario Municipal Board.

In principle, the dispute resolution process may be used for the resolution of drinking water related issues between the water supply system and a municipality (or municipalities), or between two or more municipalities.

The dispute resolution process has never been utilized since implementation.

Discussion

It is prudent for the regional water supply system to periodically review and, if applicable, update policies and procedures to ensure the policies and procedures continue to be reasonable, incorporate changes in legislation, and are relevant to the evolving circumstances of the system's operations and management.

The Dispute Resolution Process established in 2008 included non-judicial negotiations and mediation before proceeding to formal hearings within a judicial framework.

The *Municipal Water and Sewage Systems Transfer Act, 1997*, the Transfer Order issued in 2000, and the 2008 Dispute Resolution Process all included references to an application to the Ontario Municipal Board for the resolution of disputes. Since that time, the Ontario Municipal Board has ceased to exist as of April 2018 and has transitioned to the Ontario Land Tribunal. With the current restricted scope of the Ontario Land Tribunal, a matter arising to a dispute among the benefiting municipalities of the Elgin

Area Primary Water Supply System is unlikely to fall within the limited jurisdiction of the Ontario Land Tribunal.

The proposed Dispute Resolution Process, attached to this report for the information and reference of the Board, continues to emphasize the use of non-judicial and non-adversarial approaches to the resolution of disputes prior to proceeding to judicial or other formal proceedings.

At the discretion of the disputing parties, the non-judicial and non-adversarial approaches may include alternative dispute resolution or Restorative Peacemaking Circles. Restorative Peacemaking is a consensus-based mechanism focusing on repairing harm, rebuilding relationships, and fostering community harmony rather than utilizing semi-formal or judicial approaches which tend to be adversarial, hierarchy-driven frameworks.

To the extent possible, as much effort as reasonably possible by the disputing parties should be made to resolve the issue using a non-adversarial process which tends to result in mutually beneficial conclusions. Notwithstanding, it is recognized that discussions and mediation may require the involvement of a federal and/or provincial Ministry where treaty or national issues have arisen.

An overview of the proposed resolution process is outlined in Appendix A, attached to this report.

The current draft Dispute Resolution by-law has been reviewed by the Board's solicitor for legal applicability and consistency; however, the municipalities which benefit from the Elgin Area Primary Water Supply System have not been formally consulted.

The use of the Board's Dispute Resolution process is an obligation of the Water Supply Agreements entered into between the Board and the benefiting municipalities. Accordingly, it is the recommendation of staff that the current draft of the policy be circulated to the benefiting municipalities for their review and comment.

Conclusion

The proposed Dispute Resolution Process emphasizes and supports a non-adversarial framework and emphasizes the co-design of a mutually acceptable solution to disputes, including alternative dispute resolution and restorative peacemaking.

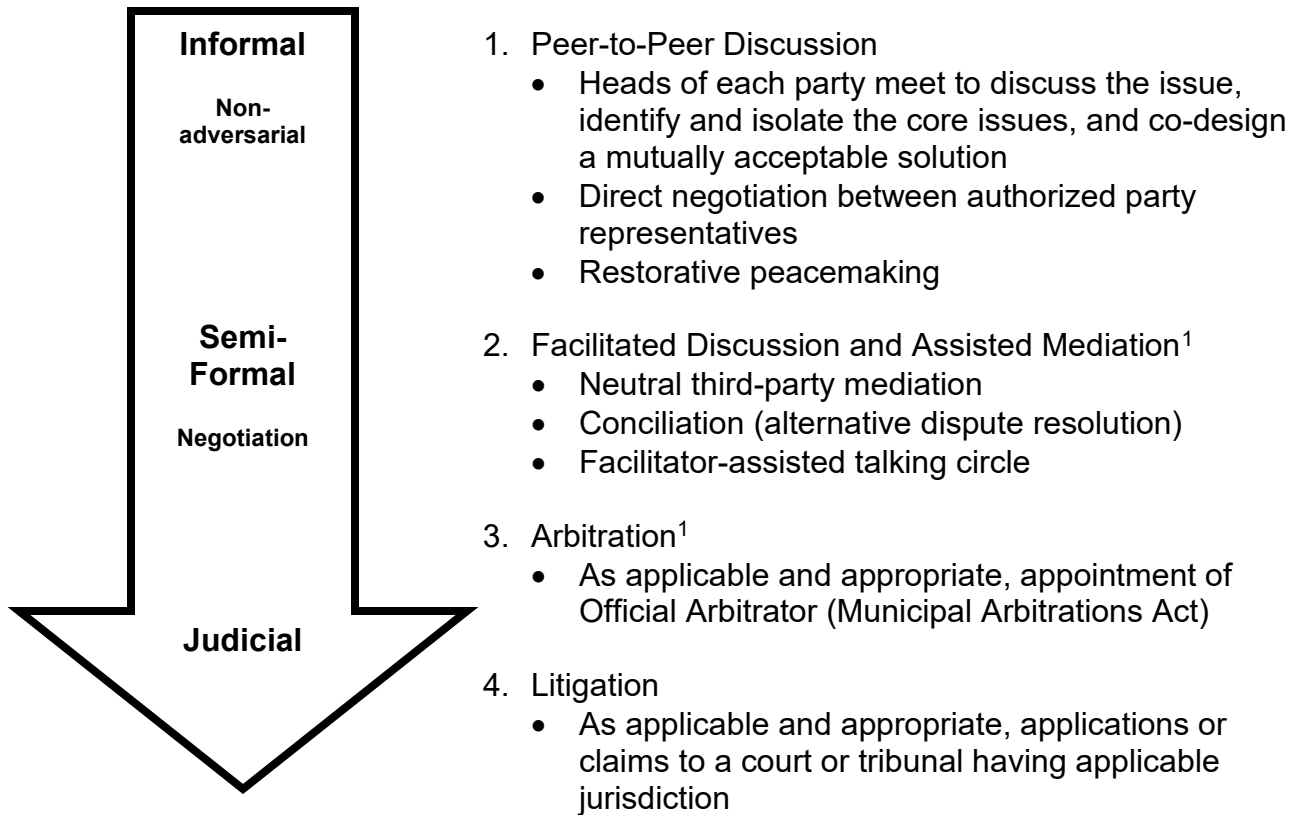
Previous references to the Ontario Municipal Board or other tribunals have been removed as applicable.

Submitted by: Andrew J. Henry, P.Eng.,
Director, Regional Water

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Appendix A: Resolution Process Summary
Dispute Resolution By-Law (Draft)

APPENDIX A: Resolution Process Summary



¹ May require tripartite engagement involving federal or provincial ministries where treaty or national issues arise

By-Law No. xxx – 2026

A by-law relating to the resolution of disputes among the benefiting communities supplied by the Elgin Area Primary Water Supply System.

WHEREAS the Joint Board of Management for the Elgin Area Primary Water Supply System was established pursuant to a Transfer Order Elgin Area W1/1998 issued by the Minister of the Environment effective September 15, 2000, pursuant to the *Municipal Water and Sewage Transfer Act, 1997*;

AND WHEREAS a dispute resolution process was established by the Joint Board of Management for the Elgin Area Primary Water Supply System by unanimous consent on December 11, 2008;

AND WHEREAS it is deemed expedient to alter the process for the resolution of disputes among the benefiting municipalities and communities supplied by the Elgin Area Primary Water Supply system;

NOW THEREFOR the Joint Board of Management for the Elgin Area Primary Water Supply system enacts as follows:

1. DEFINITIONS

In this by-law, unless the context otherwise requires:

- “CAO” refers to the positions of Administrator, City Manager, Chief Executive Officer or Chief Administrative Officer of a Community, or their designate, and/or the Chief Administrative Officer of the Elgin Area Primary Water Supply System or their designate.
- “Community” refers to a Municipality or First Nation community which is normally and regularly supplied potable drinking water by the Elgin Area Primary Water Supply System.
- “EAPWSS” refers to the Elgin Area Primary Water Supply System.
- “Board” refers to the Joint Board of Management for the Elgin Area Primary Water Supply System.

2. AVAILABILITY OF DISPUTE RESOLUTION

If a dispute arises among the Communities, or between a Community or Communities and the EAPWSS, with respect to issues involving and within the jurisdiction of the EAPWSS, a Community may request that the dispute be resolved by this Dispute Resolution process. The Dispute Resolution process must be followed prior to seeking resolution by application to a court or tribunal of applicable jurisdiction.

3. NON-JUDICIAL AND NON-ADVERSARIAL

This process is intended to support and promote a non-judicial resolution process, emphasizing and favouring a non-adversarial approach, until such time as it may be submitted to a court or tribunal of applicable jurisdiction for resolution by formal hearing.

4. STAGE 1: PEER-TO-PEER DISCUSSION

CAO to Negotiate a Resolution

- 4.1 The CAO of the initiating Community (“initiating CAO”) shall provide in writing an outline of the issue(s) and understanding(s), along with a summary of previous attempts by staff to resolve the issue, to the CAO of the EAPWSS and, if the dispute is between two or more Communities, the CAO of the other Community(s) (“responding CAO(s)”).

In the case where the EAPWSS is initiating the Dispute Resolution Process, the CAO of the EAPWSS shall provide in writing an outline of the issue(s) and understanding(s), along with a summary of previous attempts by staff to resolve the issue, to the CAO of the responding Community(s) (“responding CAO(s)”).

- 4.2 Within fifteen (15) business days of receipt of the correspondence from the initiating CAO, the responding CAO(s) will respond in writing outlining a response to the issue(s) and understanding(s) provided.
- 4.3 If the response provided is not considered acceptable by the initiating CAO, a meeting will be convened between the respective CAOs and relevant staff to discuss the issue, identify and isolate the core issues, and co-design a mutually acceptable solution.
- 4.3.1 In lieu of a meeting between the respective CAOs, each Community may appoint an authorized representative to negotiate on the CAO’s behalf.
- 4.4 If the CAO meeting resolves the issue, the resolution shall be rendered in writing.
- 4.5 If the CAO meeting does not resolve the issue, the issue shall proceed to Stage 2 for resolution.

Alternative Dispute Resolution

- 4.6 In lieu of the process outlined in clause 4.1 through 4.5 above, the disputing parties may agree to attempt to resolve the dispute through alternative dispute resolution, restorative peacemaking circles, or similar frameworks.
- 4.7 If a resolution is not achieved following the alternative framework used in clause 4.6 above, the issue shall proceed to Stage 2 for resolution.

5. STAGE 2: FACILITATED DISCUSSION AND MEDIATION

- 5.1 Should the dispute failed to be resolved through peer-to-peer discussions, the Council of the initiating Community may, by resolution or direction of Council, submit the dispute for mediation after the Council of the initiating Community has duly considered all submissions and relevant information that was provided as part of Stage 1 pertaining to the dispute.
- 5.2 A mediator will be appointed acceptable to the CAOs of the initiating Community and responding Community. If the CAOs are unable to agree upon the appointment of a mediator within ten (10) business days from the date of the resolution submitting the dispute for mediation noted in Section 4, then each CAO will nominate three (3) acceptable mediators. Each CAO may reject one (1) nominee of the other CAO, and the dispute mediator shall be chosen at random from the remaining choices. (e.g. name drawn from a hat)
- 5.3 Conduct of Mediation
- (a) Within fifteen (15) business days following his or her appointment, the mediator shall fix a time and place in the area of jurisdiction of the Communities for the purpose of conducting the mediation. The mediator shall submit the final mediation report to the parties within forty-five (45) business days from the date of the first mediation meeting.
- (b) All relevant documents will be submitted to the mediator for consideration.
- (c) The mediation event may be attended by the Representatives of the EAPWSS, and/or the relevant staff of the Communities involved in the dispute.
- (d) The Representatives of the EAPWSS and the Communities shall keep all communications and information forming parts of the mediation in confidence save and except a settlement agreement for the purpose of enforcing same.
- (e) Any agreement reached as the result of the mediation event shall be reduced to writing and entered into public record of the respective Communities.
- (f) In the event that the dispute is not resolved by mediation and proceeds to Stage 3 (Litigation), the Representatives of the EAPWSS or the Communities will not call the mediator as a witness for any purpose and will not seek access to any

documents prepared or delivered to the mediator in connection with the mediation, including any records or notes of the mediator. Statements made by any person and documents produced in the mediation not otherwise discoverable shall not be subject to disclosure through discovery or any other process and shall not be admissible into evidence in any context for any purpose.

6. STAGE 3: ARBITRATION – DISPUTE BETWEEN MUNICIPALITIES

- 6.1 For disputes between EAPWSS and/or Communities falling under the jurisdiction of the *Municipal Act*, following the receipt of a mediation report submitted to the parties by the appointed mediator concluding that the dispute remains unresolved, a Community or the EAPWSS may submit the issue to an Arbitrator in accordance with the *Municipal Arbitrations Act*.

7. STAGE 4: LITIGATION

- 7.1 Following the receipt of a mediation report submitted to the parties by the appointed mediator concluding that the dispute remains unresolved, a Community or the EAPWSS may apply to a Court of applicable jurisdiction to resolve any dispute that arises with respect to the issues involving the EAPWSS, as provided for by subsection 6(4) of the *Municipal Water and Sewage Systems Transfer Act*.

8. Disclosure

There will be complete and honest disclosure by all Communities to the other(s), to the EAPWSS, and to the mediator, if appointed, of all information and documents relevant to the dispute.

9. Cost

All direct costs of a Community in the preparation and negotiation of a resolution shall be borne by that Community. Common costs with respect to negotiation and mediation of the dispute, such as the costs associated with the mediator, shall be equally shared by the disputing parties which may include the EAPWSS.

10. Timelines

The timelines presented within this Policy are intended to be a guide and shall be relaxed in the event of unusual circumstances (e.g. unavailability of a critical participant or unforeseeable circumstances), with the agreement of the disputing parties, acting reasonably.

11. First Nations

This Dispute Resolution by-law and the procedures outlined herein shall not be construed as Consultation with First Nations as may be required by treaty or agreement between First Nations and the Crown.

12. Status of By-Law

This by-law replaces and supersedes all previous Dispute Resolution by-laws and shall come into force and effect on ____, 2026.

PASSED in Open session on ____, 2026.

First Reading –

Second Reading –

Third Reading –

DRAFT