

### **GOVERNANCE**

The Board of Management for the Lake Huron Primary Water Supply and the Board of Management for the Elgin Area Primary Water Supply (collectively referred to as the “Water Boards”) are the governing authorities for the respective regional water system. The Water Boards and their respective authorities were created at the end of 2000 by an Order from the Province of Ontario under the *Municipal Water and Sewage Systems Transfer Act, 1997*, and have complete governing authority over their respective water system. Each of the municipalities which benefit from the regional water system are entitled to appoint members to the respective Board.

It is important to note that, in accordance with Canadian law and the Transfer Orders, the appointees are not “representatives” of their municipalities but rather are required to act in the best interest of the water system regardless of how they were appointed (or by whom), similar to that of a Board of Directors.

In accordance with the Provincial Order that established the water systems, the benefiting municipalities do not own an explicit share or proportion of the water systems, but rather have an “undivided interest” in the respective system. In that regard, capacity in the system is also not allocated to individual municipalities.

### **ADMINISTRATION**

The City of London was designated as the ‘Administering Municipality’ under the Transfer Orders from the Province, and is required to provide any necessary administrative services as requested by the Water Boards. In that regard, the City of London created the Regional Water Supply Division which is seconded to provide most administrative and management services on behalf of and under the direction of the Water Boards. Other administrative services are procured as needed, including such things as financial, procurement, and risk management services through the Corporation of the City of London (i.e. the Water Boards pay the city for these services). Other services are procured from third-party vendors, including legal services.

The Water Boards have their own bylaws and policies, independent of any of the benefiting municipalities. Notwithstanding, where the bylaws and policies of the Water Boards are not explicitly clear, the bylaws and policies of the City of London may be used as a guide where appropriate.

The Water Boards have a bylaw which, in part, identifies the Chief Administrative Officer of the water systems to be the City Engineer of the City of London.

In addition to the four cornerstone Plans outlined below, the water systems also utilize an Environmental Management System (ISO14001 registered) to identify and control various environmental aspects and associated regulatory requirements, as well as an Incident

and Emergency Management System to manage various incidents and emergency events which may impact the water systems.

## **PLANNING**

There are four key planning documents utilized by the water supply systems, which are updated every five years:

- Master Water Plan; which provides long-term growth-related guidance for the systems, and identifies any long-term needs to address water quality and water quantity needs of the systems
- Financial Plan; which provides long-term strategic financial planning, periodic review of the financial structure of the systems, and risk mitigation strategies related to financial and business risks
- Asset Management Plan; is a planned and systemic approach to asset management in order to extend the cost-effective life of the infrastructure, including I.T infrastructure. The foundation of the Asset Management Plans are linked to Customer Levels of Service and a risk mitigation framework in order to appropriately manage the system to customer-related goals and objectives.
- Operational Plan; is a regulatory requirement and a component of our Municipal Drinking Water Licence. The Operational Plan identifies operational risks and mitigation strategies in order to identify and control critical control points and operational strategies to limit the risk to human health as it relates to treated drinking water supply.

The water systems utilize an integrated management system approach, which requires the water system's administration to consult and coordinate various administrative, management and operational activities and undertakings with all of the benefiting municipalities, including the City of London.

## **OPERATION**

The water systems are currently operated under contract by the Ontario Clean Water Agency (OCWA); a Crown Corporation of the Province of Ontario. The current contract started in July 2012 and extends to June of 2017, and has an allowable five year extension at the option of the Water Boards. The previous contracted operating authority was American Water Services Canada Inc.. The Water Boards' contracts with OCWA is managed and administered through the Regional Water Supply Division.

## **BUDGET**

The Water Boards develop and approve their respective annual Operating and Capital Budgets for the subsequent year by the first Thursday of October in each calendar year in order to provide the benefiting municipalities with the required unit rate for water for the development of their municipal budgets (i.e. the 2016 Operating and Capital Budgets were developed, considered and approved by October 1, 2015). The annual operating budget includes the unit rate for water and applicable financial information for the budget year being considered, plus a four-year projection of rates and summary expenditures and revenues. The unit rate for water charged to each of the benefiting municipalities is largely governed by the Financial Plans approved on a five-year cycle by the Water

Boards. Unless a significant unanticipated event or other financial requirement is identified between the five-year updates of the Financial Plans (i.e. a regulatory change which requires a significant operational change or asset investment), the projected unit rate for water is typically adhered to in order to ensure long-term budget stability of the system.

## **COORDINATION**

Because of the interconnected and interdependent nature of the water supply systems, careful and planned coordination of various operational, administrative and governance activities is required with each of the benefiting municipalities. This includes such things as:

- Budget development (e.g. projections of water consumption, growth in water demands, significant impacts to conservation and demand management strategies, etc.)
- Financial management (e.g. limiting the use of debentures, asset and liability reporting, etc.)
- Growth management (e.g. coordination of official plans and growth management strategies, water consumption, etc.)
- Source Protection management (e.g. land use planning and zoning within or near Intake Protection Zones, education and outreach programs, region-wide conservation initiatives, etc.)
- Operational management (e.g. supply interruptions, demand management initiatives, changes in treatment strategies, etc.)
- Capital construction and maintenance management

Much of this required coordination is undertaken on an administrative (strategic) and operational (tactical) level by Regional Water Supply Division staff and through the water systems' Chief Administrative Officer.

## **CONTACT**

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