

DRAFT FOR DISCUSSION

MANDATE: PROPOSED WATER SERVICES AGENCY

Background

The proposed mandate of the agency was drafted following several meetings with the Water and Sewer Task Force of the Association of Municipalities of Ontario (meetings of March 20 and August 13) and with reference to the AMO endorsement of the Regional Chairmen's Position Paper on the "Sewer and Water Services Agency" of April 8, 1991 and February 4, respectively.

The proposed mandate permits for municipal and intermunicipal works to be built and operated by the Agency, but it does provide for present provincially-owned municipal works to be devolved to any municipality. The advice from the foregoing sources has been to encourage municipalities to operate their own water and sewage systems whenever possible after the Agency has audited and, where necessary, expanded and restored to current regulatory requirements, the works to be transferred.

Thus, the agency would promote but not force the devolution of treatment works to municipalities. Inter-municipal and regional schemes would remain with the agency.

The weight of oral and written advice was that the full cost of water and sewage services delivered by the Agency should be entirely recovered from the municipalities but users should only pay the costs associated with systems directly serving them and that there should be no cross-subsidization.

Indeed, the briefs indicated that these full costs be apportioned according to the volume of water and sewage service consumed by each user in a system.

Furthermore, it was recommended that MOE grants should be phased out for all municipalities because such assistance hides the true servicing costs from users and system planners. Other assistance vehicles that measure the ability to pay ought to be considered including tax rebates to low income individuals as well as unconditional assistance to financially disadvantaged municipalities.

It was also suggested that it would be useful to have the agency available to conduct operational audits on waterworks and sewage works. The results of these activities would assist managers of water and sewage services as well as the Ministry of the Environment to establish the need for ongoing rehabilitation programs with the necessary financing.

MANDATE

Objectives

1. To implement the provincial program for the financing, construction, operation and maintenance of water and sewage facilities in accordance with provincial objectives for the protection of the environment and public health, the conservation of water resources and the promotion of sound land use planning principles.
2. To assist municipalities to meet demands for water and sewage servicing in a cost-effective manner and maximize cost-recovery from users.
3. To advise the government on matters relating to the financing, operation and development of water and sewage services and take policy direction from the government on these matters.

In carrying out its objectives for the implementation of the provincial program for the financing, construction, operation and maintenance of water and sewage facilities, the Agency will undertake tasks as follows:

1. **Financing**

- (a) With the assistance and approval of the Treasurer, borrow such funds on its own account and with the backing of a provincial guarantee as the government shall determine is necessary to meet the Agency's obligations and requirements for the construction, operation and maintenance of water and sewage facilities.
- (b) Obtain and apply revenues received from its activities to offset borrowings and other liabilities so as to attain self-sufficiency for all costs net of any grants which the Agency may be required to provide on behalf of the Province for construction activities.
- (c) Investigate and, with approval of the government, undertake innovative financing and administrative mechanisms for inter-municipal water and sewage projects including co-ventures.
- (d) Administer and disburse grant or loan funding to projects selected by the government.

- (e) Obtain and follow directions from the government establishing the permissible levels of annual or multi-year loans or grants.

2. **Construction**

- (a) Plan and undertake the construction program for provincial projects and provincial-municipal joint projects including area schemes which was previously administered by the Province and assume associated provincial responsibilities for these projects pursuant to provincial-municipal agreements.
- (b) Assess requirements for the development of new provincial and provincial-municipal area schemes and obtain government approvals to undertake such projects.
- (c) Comply with all prevailing legislative requirements for the conduct of construction activities.

3. **Operation and Maintenance**

- (a) Implement the provisions of provincial-municipal agreements for the operation and maintenance of water and sewage facilities and assume all responsibilities of the Province pursuant to these agreements.
- (b) Encourage municipalities to operate and maintain water and sewage facilities.
- (c) Assess requirements for new provincial-municipal operating agreements and obtain government approval to enter into such agreements.
- (d) Comply with prevailing legislative requirements for the operation of water and sewage facilities.

It should be made clear here that:

- The agency will undertake its activities in a manner that is supportive and consistent with government policy directions, especially those respecting environmental protection, conservation and land use planning.

- The agency provides a direct service in order to implement approved government policy and programs with a commercial orientation, so that the agency is self-funding from revenues generated by its programs.
- The agency, therefore, will assume current provincially-owned and operated and provincially-operated municipal water supply systems and sewage works and expand and upgrade them according to government policy.
- It will also plan, build, and operate new systems when requested by the Minister as well as the involved region or municipality according to government policy.
- In assuming and undertaking these responsibilities, it will exercise any and all powers confirmed by the Ontario Water Resources Act, the Municipal Act, the Public Utilities Act and any general act upon a municipality respecting the provision of water and sewage service.
- In planning and undertaking any works, however, it will be bound by the requirements of the Environmental Assessment Act, the Ontario Water Resources Act, and the Environmental Protection Act as well as regulations and requirements applicable under any other legislation. The agency will, therefore, be required to conform to provincial regulations and policy in the same fashion as a municipality.
- The Board of Directors of the agency will be selected by the Minister of Municipal Affairs and approved by Cabinet. Board appointments will be staggered so as to assure continuity of purpose, but also to assure new thinking and cooperation with government.
- The Board will annually set out its strategy and program for the coming year together with its capital and operating budgets. These will be forwarded for ministerial approval primarily to ensure consistency with government policy direction.
- The Board will then monitor the approved program continuously advising the Minister of any variations or need for change, the process for which will be set out in the memorandum of understanding.
- Policy of the agency with respect to devolution of plants and systems, financing its programs, arrangements with municipal clients, water conservation, etc. will be cleared with the Minister where such policy has not already been set by government.

January 23, 1992

Sewer corporation plans worry environmentalists

By Bob Burti
 Record staff

The proposed Ontario sewer and water corporation is bad news for the environment, Kitchener's John Jackson says.

But if the corporation is approved, environmentalists say, it should answer to the Ministry of the Environment — not the Ministry of Municipal Affairs. Environmentalists representing Great Lakes United, Pollution Probe and the Canadian Environmental Law Association (CELA) said Monday that Municipal Affairs has a pro-development bias.

"The Ministry of Municipal Affairs has no mandate or track record for protecting the environment. The signal being sent is that the agency's goal is growth at any cost, not envi-

ronmental protection," said Jackson, the president of Great Lakes United, a coalition of more than 200 Canadian and U.S. environmental labor and community organizations.

"Water management is already fragmented between too many agencies, so why should we divert the responsibility to an agency which is not already involved?" he asked.

A corporation to improve water and sewer facilities across the province was proposed by the previous Liberal government, but attacked by the opposition New Democrats. Now, the NDP government is prepared to move on the scheme, environmentalists say.

Sarah Miller, of CELA, said in an interview Monday the government should structure the new agency to ensure it will be a comprehensive ve-

hicle for water conservation, environmental protection and cleanup.

She said the new corporation will need a clear mandate if it is to be successful, adding that the creation of another agency driven by developer needs and economic considerations would be a disaster.

Construction of new sewer and water facilities must proceed as part of a master-planning process, she said. Only that way can growth proceed in a proper and controlled fashion.

Miller said government contacts have told her that formation of the corporation is imminent.

Brian Riddell, an assistant deputy minister with the Municipal Affairs Ministry, said in December the NDP caucus was expected to consider the issue in January.

In an interview last week, Riddell

said no decision on the corporation is expected in the near future. Ministry officials are waiting for the government to decide if and when the corporation should go ahead, and if it does, what its mandate should be.

The corporation was first viewed as a means of encouraging growth in some areas while directing it away from others.

Waterloo Region officials repeatedly pushed the NDP government, and its Liberal predecessor, to increase its role in water planning for south central and southwestern Ontario.

The development of such an agency has been considered necessary before a Great Lakes pipeline could be constructed because no municipality could afford to build it alone.