

Summary of Questions and Answers:

1. What is the Township's plan other than to raise the water rates?

The only funding mechanism for the water plant is the user rates and the plant is legislated to be self-funded.

2. Any plans to extend the system?

There are no current plans to extend the system as the Township's focus is to encourage the current account holders to use the system.

3. What fraction of the system capacity do the current users represent?

Based on a 2013 capacity study from Utilities Kingston, the results of 2013 flow test on the water treatment plant (900 m³/day) are approximately 30% less water flow than the Certificate of approval (1296 m³/day).

4. What exemptions are there to connecting to the system and what are the criteria for it?

Policy
Exemption Sydenham Water System

It is the policy of the Township of South Frontenac that all properties within the defined area of the Sydenham Water System must connect to the system once the plant is operational.

Exemptions may be considered which would not require properties to trench the waterline from the water stop to their house, subject to the following criteria:

1. The total cost to connect to the system including frontage charges, exceeds \$25,000. All estimates of cost are subject to review and verification by the Township.
2. The maximum amount eligible to be included for well abandonment in the \$25,000 total figure referred to in #1 above, is \$1200.
3. The property requesting exemption must have potable water at the wellhead verified through a competent, and independent testing procedure for E-coli, Background Coliform and Nitrates. The cost of this test will be borne by the property owner.
4. All properties are still required to pay a minimum water bill to be determined at a future date regardless of the fact that they may have received an exemption to hook up to the water system.
5. All properties are still required to pay all capital costs for construction of the water system as assessed against that property.

5. There was a lawsuit from the original construction of the plant. What was the result?

The parties reached an agreement of which there was a financial settlement. Any expenses incurred or funds received were applied to the water plant funding.

6. What are the rates in other area municipalities and how do they compare?

Monthly Residential Rates in area municipalities

2013 Rates	Cost (based on 18 m³)
Township of South Frontenac-Current Rates	13.92
Town of Gananoque	21.22
Loyalist Township	35.02
City of Kingston	45.71

Proposed Rates	Cost (based on 18 m³)
2014	15.08
2015	19.63
2016	24.86

7. What is the life expectancy of the plant?

50 years

8. Could you provide us with the financials since the beginning of the plant

Financials are attached on the next page

9. With increased users on the system won't that increase the plant's costs and further increase the rates?

With increased users, the plant would not need to run in batches as frequently which currently means the start-up and shut down of the operations based on demand. Having more users would optimize this by having a steadier flow of operations and allowing the plant to run more efficiently.

	2006	2007	2008	2009	2010	2011	2012	Unaudited 2013
Rate revenues	59,377	176,914	178,306	177,177	178,132	179,612	178,216	187,105
Provincial Grant	0	0	18,771	18,771	18,771	18,771	18,771	0
Rent	3,720	4,800	5,040	5,040	5,232	5,424	5,424	2,600
Miscellaneous revenues	6,592	2,177	1,988	1,603	1,838	2,827	139,206	1,776
Total Revenues	69,689	183,890	204,105	202,591	203,973	206,633	341,616	191,481
Materials/Supplies	15,076	3,328	4,809	3,388	2,317	1,807	910	600
Communications	2,680	5,020	5,179	5,348	5,014	5,525	6,898	7,729
Utilities	8,218	21,315	20,359	22,873	21,722	25,202	22,528	31,292
Professional and Consulting	3,891	0	19,925	30,523	12,721	76,182	26,723	6,329
Contracted Services	38,567	105,475	137,328	97,000	107,988	112,360	118,427	127,500
Insurance	6,411	9,216	9,342	8,666	8,574	9,332	19,468	25,275
Capital Expenses								0
Total Expenses	74,843	144,354	196,943	167,798	158,336	230,408	194,954	198,725
Annual Surplus/(Deficit) to/from reserve	-5,154	39,536	7,161	34,793	45,638	-23,775	146,662	-7,245
Reserve Balance	79,051	118,587	125,748	160,542	206,179	182,404	329,067	321,822