

January 6, 2020
Committee of the Whole Meeting

Bryan Lambert

- **Comments and Analysis
regarding the Waterworks
Water Meter replacement
Proposal and the Related
\$2.3M loan Request**

The Players

Lakefront Utility Services Inc. LUSI

- As a contracted agent, provides management and operations staff to the Town to run the Town's municipal water supply system, Waterworks

The Corporation of the Town of Cobourg:

- Owns LUSI as part of the HOLDCO Group
- Owns Waterworks as a business unit totally within the corporate structure of the "Town"
- Owns all of the Waterworks assets including the watermeters

Waterworks

- A Business Unit (department) within the Town's corporate structure, similar to Northam, the marina and the VPC
- Not a legal entity
- Has no ability or capacity to purchase or borrow

LUSI as Agent

- The contract provides for LUSI's control over a wide variety of activities related to the water supply system. These activities are listed in detail in schedule B of the contract.
- The “retail” activities are NOT included.
- These include customer consumption measurement, data collection, meter reading, billing, collections
- The water meter is part of the customer utilization measurement system and is NOT part of the “delivery” system

As water meters and related data collection tools are not under LUSI's sole control:

- The “chain of command” should be followed and this proposal for new water meters and data collection network should go through Town staff (dir Works, CFO and CAO) for evaluation and approval and then be presented to Council.
- I believe that during consideration of the WSBC overbilling issue, Council directed that clarification of the “chain of command” be made. I don't believe that this has been done yet.

The Ontario Clean Water Agency

- is a competitor to LUSI
- operates 75% of the outsourced water treatment facilities in Ontario
- Typically, OCWA does NOT handle the “retail” part of the water distribution system, preferring to leave that to the municipalities’ staff.

The “LOAN”

- The proposal asks that the Town “loan” Waterworks \$2.3M, in other words, loan \$2.3M to itself.
- Municipal water supply systems are provincially mandated to be self sufficient, therefore the need for the appearance of a loan.
- This is done by departmental accounting. The “loan” transactions appear in Waterworks departmental accounts.
- How the Town funds the “loan” is not LUSI’s concern. It could be from a bank, Town reserve, other business unit such as Northam, property taxes, or increased water rates.

Proposal Flaws

Mr Strauss has outlined some of the flaws and errors in this proposal. There are more!

- The chart of pg 4 showing the potential revenue gains per water meter doesn't state what the accuracy of the new meters is. From the context it appears to be 100%
- The new water meter installed at WSBC was tested at LUSI's direction and found to be 98.5% accurate. This NEW meter was less than 5 months old when tested.
- This raises serious questions about the validity of the potential revenue gains as calculated by the sales rep

WSBC Meter Test

Atlantic Liquid Meters Ontario
Meter Ticket

CUSTOMER NAME
EVANS SUPPLY

ADDRESS
975 ELGIN WEST COBOURG

Register Used :
Test Liquid :
Registration # :
Units :
Special Instructions :
INITIAL READ :
FINAL READ :
TRANSMITTER# :
SER# :
Date Tested :
Tester :

E-CODER R900I
WATER
M3
2401.4926
2402.079
1547274018--
36482262---
MAY16/18
DUANE RIVET

MODEL : 5/8X3/4 T-10
G/T Used :

GEARS

Bench : 1

Units Min.	DEL	Reg. Read	percentage registration
MAX	300	297.50	99.17%
MID	140	140.6	100.43%
INTERMEDIATE LOW	110	109.40	99.45%
LOW	30	28.5	95.00%

Inspector :
comments

Duane Rivet

OVERALL ACCURACY

98.51%

MASTER METER

METER IS OPERATING WITHIN AWWA OVERALL ACCURACY SPECIFICATIONS FOR A METER REMOVED FROM SERVICE. TEST DATA PERFORMED USING VOLUMETRIC FORD METER BOX PROVER. 4 TESTS WERE PERFORMED AT LOW, INTERMEDIATE AND HIGH FLOWS

- Has an analysis been done using data from Waterworks meters that have been recently replaced?
- Why guess or rely on sales rep estimates when actual data is available.
- Why is the AMI fixed network program proposed rather than continue with the mobile method currently in use? The rationale and analysis provided is unclear and makes unsubstantiated assumptions. Key data is missing
- Pg 3 shows the on-going costs of the AMI system but does not include the ongoing costs of the actual network.

Multi Vendor System

Why not have multiple meter suppliers? Other municipalities do.

- Some minor additional costs for parts inventory
- Data collection systems for mixed meter systems exist. Waterworks current meter reader service Olameter provides this.

Summary

The proposal is seriously flawed with errors, sloppy or missing analysis

- Don't waste time on this.
 - Send it back to “staff”
- Cobourg Taxpayers deserve better
 - Much Better!!