

Agenda

Lake Huron Primary Water Supply System

Joint Board of Management

3rd Meeting of the Lake Huron Primary Water Supply System Joint Board of Management

June 5, 2025, 2:00 PM

Committee Room #5

Pages

1. Call to Order

2. Indigenous Territorial Acknowledgement

The Lake Huron 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 2nd Meeting held on March 6, 2025

3

6. Communications and Petitions

7. Motions of Which Notice is Given

8. Reports and Added Reports

8.1 Recommended Items for Consent

a. Quarterly Compliance Report (1st Quarter 2025: January - March)

8

b. Environmental Management System and Quality Management System

12

c.	Quarterly Operating Financial Status - 1st Quarter 2025	33
d.	Water System Operation - Contract Status Update	37
e.	2024 Audited Financial Statements and Auditors Report	41
f.	2025 State of the Infrastructure and Levels of Service	69
8.2	Recommended Items for Discussion	
a.	Electronic Signatures Policy	89
b.	LH1408 Oneida Nation of the Thames Water Transmission Pipeline - Project Update	99
9.	Deferred Matters	
10.	Additional Business and Enquiries	
11.	Emergent Motions	
12.	By-Laws	
	By-laws to be read a first, second and third time:	
12.1	By-Law No. 1 - 2025	102
	A By-law to establish a policy for the adoption and use of Electronic Signatures for the Lake Huron Primary Water Supply System.	
13.	Closed Session	
14.	Upcoming Meeting Dates	
	October 2, 2025	
	December 4, 2025	
	March 5, 2026	
15.	Adjournment	

Lake Huron Primary Water Supply System Report

2nd Meeting of the Lake Huron Primary Water Supply System Joint Board of
Management
March 6, 2025

Attendance: Meeting held on Thursday, March 6, 2025, commencing at 2:00
PM.

PRESENT: S. Hillier (Chair); C. Burghardt-Jesson, A. DeViet,
M. Dietrich, S. Franke, J. Keogh, S. Lehman, P. Van
Meerbergen, J. Wilcox and G. Willsie and J. Bunn (Committee
Clerk)

ALSO PRESENT: B. Haklander, A. Henry, M. McKillop and K.
Scherr

1. Call to Order

None.

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 1st Meeting held on December 5, 2024

FRANKE AND DIETRICH

That the minutes of the 1st meeting of the Lake Huron Primary Water
Supply System Joint Board of Management, from the meeting held on
December 5, 2024, **BE NOTED AND FILED. CARRIED**

Motion Passed

6. Communications and Petitions

None.

7. Motions of Which Notice is Given

None.

8. Reports and Added Reports

8.1 Recommended Items for Consent

- a. Quarterly Compliance Report (4th Quarter 2024: October - December)

VAN MEERBERGEN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the report dated March 6, 2025, with respect to the general, regulatory and contractual obligations of the Lake Huron Primary Water Supply System, for October to December 2024, **BE RECEIVED. CARRIED**

Motion Passed

- b. Environment Management System and Quality Management System

VAN MEERBERGEN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the report dated March 6, 2025, with respect to the Environmental Management System and the Quality Management System, **BE RECEIVED. CARRIED**

Motion Passed

- c. Quarterly Operating Financial Status - 4th Quarter 2024

VAN MEERBERGEN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the report dated March 6, 2025, with respect to the Quarterly Operating Financial Status of the Lake Huron Primary Water Supply System for the 4th Quarter of 2024, **BE RECEIVED. CARRIED**

Motion Passed

d. Capital Status Report

VAN MEERBERGEN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the following actions be taken with respect to the report, dated March 6, 2025, related to capital projects:

- a) projects LH1207 Concrete Crack Injection, LH1216 Closed Loop Chlorine Control, LH1230 High Lift Pump Replacement, LH1232 Arva Victaulic Repair, LH2044 Sub-Basement Drain Study and LH1245 Flocculator Walking Beam Rehab **BE CLOSED** with surplus funding in the approximate amount of \$4,060,623 being released to the Reserve Funds;
- b) project LH1284 Huron Flocc Gear Drive Repair and LH2056 Clarifier Ramp Replacement **BE CLOSED** with additional funding in the approximate amount of \$117,588 being drawn from the Reserve Funds; and,
- c) the above-noted report **BE RECEIVED. CARRIED**

e. Ministry of the Environment, Conservation and Parks Inspection Report

VAN MEERBERGEN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the report dated March 6, 2025, 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. Registration of Board-Owned Property

WILLSIE AND DEVIET

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Lake Huron Water Supply System **CONSENT AND APPROVE** the corrections of the title ownership of lands owned by the regional water system and authorize the registration of the properties in the name of "The Corporation of the

City of London, as bare trustee and in its capacity as administering municipality for the Lake Huron Water Supply System", or similar registration upon further consultation with the City of London's solicitor and the Land Registry Office for Ontario. **CARRIED**

Motion Passed

- b. Lake Huron Primary Water Supply System Master Plan - Update (LH2050)

VAN MEERBERGEN AND FRANKE

That, on the recommendation of the Chief Administrative Officer, the report dated March 6, 2025, with respect to an update on the Lake Huron Primary Water Supply System Master Plan (LH2050), **BE RECEIVED. CARRIED**

Motion Passed

9. Deferred Matters

None.

10. Additional Business and Enquiries

None.

11. Emergent Motions

None.

12. By-Laws

None.

13. Closed Session

None.

14. Next Meeting Date

June 5, 2025

15. Adjournment

KEOGH AND FRANKE

That the meeting BE ADJOURNED.

The meeting adjourned at 2:22 PM.

Board of Management Report

Subject: Quarterly Compliance Report (1st Quarter 2025: January - March)

Overview:

- There were no adverse water quality incidents (AWQI) reported during this quarter.
- There is one proposed policy change, related to updates to the Drinking Water Quality Management Standard (DWQMS), which will have minor administrative impacts on the system.
- The 2024 regulatory reporting required under O.Reg. 170/03 was completed by the specified deadlines.

Recommendation

That the Board of Management for the Lake Huron 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 were no new regulatory changes for this reporting period which may significantly impact the Lake Huron Primary Water Supply System (LHPWSS).

New Environmental Registry of Ontario (ERO) Postings: At the time of drafting this report, there was one (1) posting on the ERO for comment, in consultation with the Ministry of the Environment, Conservation and Parks (MECP), that will impact the LHPWSS.

- [ERO Posting #019-8413](#): Updates to the Drinking Water Quality Management Standard (DWQMS)

Under the Municipal Drinking Water Licensing Program, all municipal residential drinking water systems must have a Quality Management System (QMS) in place which meets the requirements of the DWQMS. The Ministry is proposing revisions to the DWQMS. The DWQMS sets out the mandatory criteria (i.e. elements) that must be established. Many of the proposed updates are administrative in nature and intended to clarify existing requirements. MECP is also proposing changes that will enable auditing of practices used to summarize monitoring data, where such reports are used to demonstrate compliance with legislated requirements.

Potential impacts on the Board: Minor administrative updates will be required for the existing Quality Management System (QMS). Board staff do not anticipate any issues with implementing the required changes before a regulatory deadline (still to be determined).

Quarterly Water Quality Reports: The [Water Quality Quarterly Report](#) for the period of January 1 – March 31, 2025, 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 of 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, 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*.

O.Reg. 170/03, Section 11 "Annual Reports": Under the Drinking Water Systems Regulation (O.Reg. 170/03), an Annual Report for the LHPWSS is required to be prepared by February 28th of each year. The 2024 Annual Report summarized water quality, capital project and maintenance project information for the calendar year. This report was completed by Ontario Clean Water Agency (OCWA), the contracted operating authority for the LHPWSS. Although the report is no longer required to be submitted to the Ministry of the Environment, Conservation and Parks (MECP), the LHPWSS is required to provide copies of the report to drinking water systems that obtain water from this system. The 2024 Annual Report was forwarded to the member municipalities on February 27, 2025. The [2024 Annual Report](#) has been posted on the Water Systems' website for public information.

O.Reg. 170/03, Section 22 “Summary Reports for Municipalities”: Under the Drinking Water Systems Regulation (O.Reg. 170/03) a summary report is required by March 31st of each year which:

- Lists the requirements of the Act, the regulations, the system’s approval, and any order that the system failed to meet at any time during the period covered by the report, and the duration of the failure. For each failure referred to, a description of the measures that were taken to correct the failure is required.
- In order to allow the system’s owner to “assess the capability of the system to meet existing and planned uses of the system” provide a summary of the quantities and flow rates of the water supplied, including monthly average and maximum daily flows and daily instantaneous peak flow rates, with a comparison to the systems rated capacity.

This report was also completed by the water system’s contracted operating authority, the Ontario Clean Water Agency (OCWA). The 2024 Compliance Report (Summary Report for Municipalities) was forwarded to the Board members and member municipalities of the LHPWSS as required on March 25, 2025. The [2024 Compliance Report](#) has been posted on the Water Systems’ website for public information. All Compliance Reports are available for viewing at the Lake Huron Water Treatment Plant and at the Board’s Administration Office in London. Copies of all reports are available to the public upon request and free of charge as required by O.Reg. 170/03.

Adverse Water Quality Incidents (AWQIs): 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 2025 first quarter Contract Report was received from OCWA on April 29, 2025, and was scheduled to be discussed at the quarterly administration meeting between Board staff and OCWA on May 15, 2025. 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 LHPWSS. 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: Andrew J. Henry, P.Eng.
Director, Regional Water

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 first quarter of 2025 (Q1).
- A Management Review meeting was held on March 27, 2025. The meeting minutes are attached to this report as [Appendix A](#).
- An internal Environmental Compliance Audit (Watermain Disinfection Procedure-August 2020, By-Law No. 30-2006 - South Huron, By-Law No. 2016-066 - Middlesex Centre, Building Code Ontario Regulation 332/12, Building Code Act) was conducted on January 06-10, 2025. The Internal Audit Summary Report is included as [Appendix B](#).
- An internal Environmental Compliance Audit (Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act-Table 2, Pipeline Operations and Maintenance Agreements (POMA), Water Supply Agreements, Occupancy Agreements & License Agreements) was conducted on February 05, 2025. The Internal Audit Summary Report is included as [Appendix C](#).

Recommendation

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

Background

Environmental Management System (EMS)

The Lake Huron Primary Water Supply System (LHPWSS) has an Environmental Management System (EMS) which has been registered to the ISO 14001 standard since 2003. The LHPWSS underwent a three-year registration audit in October 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 LHPWSS.

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 2022 and is currently accredited for the three-year period ending in 2025.

Discussion

Management Review

The documented EMS/QMS and its performance requires Management Review by Top Management 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 LHPWSS and the Elgin Area Primary Water Supply System (EAPWSS).

A Management Review meeting was held on March 27, 2025. The meeting minutes are included as [Appendix A](#) 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 internal Environmental Compliance Audit was conducted for the Watermain Disinfection Procedure-August 2020, By-Law No. 30-2006 - South Huron, By-Law No. 2016-066 - Middlesex Centre, Building Code Ontario Regulation 332/12, and Building Code Act from January 06-10, 2025. There were no non-compliances (NC’s) and no Opportunities for Improvement (OFI’s) identified. The Internal Audit Summary Report is included as [Appendix B](#) for the information of the Board of Management.

An internal Environmental Compliance Audit was conducted for the Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act-Table 2, Pipeline Operations and Maintenance Agreements (POMA), Water Supply Agreements, and Occupancy Agreements & License Agreements on February 05, 2025. There were no NC’s and four (4) OFI’s identified. Two ‘observations’ were also noted as part of the audit. The Internal Audit Summary Report is included as [Appendix C](#) 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 - SAI Global. 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 Q1 2025.

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 LHPWSS. Preventive actions may originate from identified opportunities

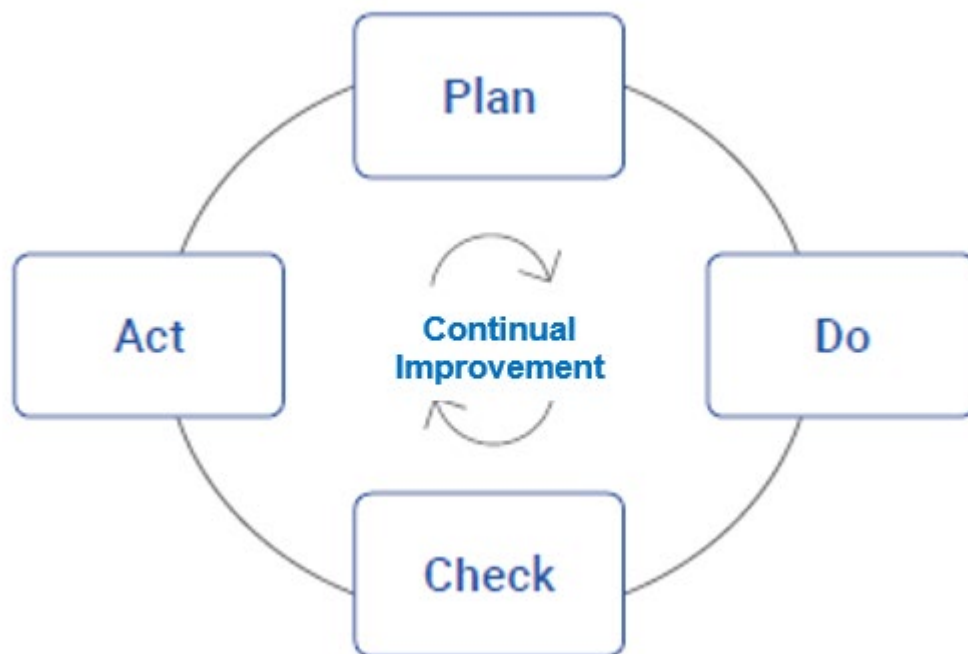
for improvement as part of an audit, but also staff suggestions and discussions with management.

It is important to note that action items should not be construed as compliance failures, but rather an action to be undertaken which will improve the LHPWSS's 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 drives 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 seven (7) new approved action items that have been added to the EMS/QMS action item tracking system during Q1:

- Three (3) new action items were added as a result of the Corrective Action Process related to a Residuals Management Facility (RMF) Total Chlorine Residual (TCR) Analyzer Incident (January 08, 2025)

- Four (4) new action items were added resulting from the internal Environmental Compliance Audit conducted on February 05, 2025

As of May 06, 2025, there are currently thirty-four (34) open action items in the LHPWSS 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. 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 LHPWSS 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: Andrew J. Henry, P.Eng.
Director, Regional Water

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

Attachments: [Appendix A](#) – Management Review Meeting Minutes (March 27, 2025)
[Appendix B](#) – Compliance Audit Summary Report - Watermain Disinfection Procedure-August 2020, By-Law No. 30-2006 - South Huron, By-Law No. 2016-066 - Middlesex Centre, Building Code Ontario Regulation 332/12, Building Code Act (January 06-10, 2025).
[Appendix C](#) – Compliance Audit Summary Report - Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act-Table 2, POMA, Water Supply Agreements, Occupancy Agreements & License Agreements (February 05, 2025)

Appendix A: Management Review Meeting Minutes (March 27, 2025)

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

Date: March 27, 2025

Time: 9:00am

Location: Virtual – Microsoft Teams

Attendees: Andrew Henry (RWS), Erin McLeod (RWS), Jennifer Levitt (RWS), Jackie Muller (OCWA), Greg Henderson (OCWA), Denny Rodrigues (OCWA), Randy Lieber (OCWA), Cindy Sigurdson (OCWA), Courtney Miller (OCWA)

Regrets: Mark MacKenzie (OCWA)

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 (December 12, 2024)

The minutes from the previous meeting (December 12, 2024) are posted to SharePoint. Minutes circulated to comment. No concerns noted and documents are approved.

2. Results of Board Meetings (March 6, 2025)

Huron Board Meeting (March 6, 2025)

- Quarterly Compliance Report: The report was received for information.
- EMS/QMS Report: The report was received for information.
- MECP Inspection Report: The report was received for information.
- General discussion at the meeting about market conditions, and sourcing of supplies (e.g., consumables).

Elgin Board Meeting (March 6, 2025)

- Quarterly Compliance Report: The report was received for information.
- EMS/QMS Report: The report was received for information. There was general discussion about the Western Lake Erie Harmful Algal Bloom (HAB) monitoring through the National Oceanic and Atmospheric Administration (NOAA) and

whether cuts in the US government may impact this program. Any associated impacts may not be apparent for a while.

- **MECP Inspection Report:** The report was received for information. There was general discussion about the lower inspection rating, and the associated risk-based approach.
- General discussion at the meeting about market conditions.

RWS comment – Related to DWQMS ‘essential supplies and services’, the Board is encouraging local/Canadian suppliers for essential supplies. The purchasing bylaw is being updated later this year. We may be requesting equipment/material origins as part of procurement as some of the Canadian-based suppliers are distributors and products originate in other jurisdictions.

RWS comment – With regard to any NOAA changes, it’s important to note that algae bloom related monitoring is also completed independently for the WTPs.

OCWA comment – Corporate procurement / purchasing is also revisiting where materials are sourced from.

3. MECP Inspection – EAPWSS (Issued Jan. 7, 2025)

MECP inspection rating of 95.52%. There was one (1) non-compliance related to the reporting and corrective actions. The non-compliance has been addressed. Actions completed and root cause were discussed.

4. MECP Inspection – LHPWSS (Issued Jan. 21, 2025)

MECP inspection rating of 100%. No non-compliances.

5. Env. Compliance Audit - EAPWSS (December 02-13, 2024) Watermain Disinfection Procedure, Noise Control By-Law No. 212, EAPWSS Board of Management - Access Plans, Building Code O.Reg. 332/12, Building Code Act

No Non-compliances (NC’s) and two (2) Opportunities for Improvement (OFI’s) were identified as part of the audit. Action items were discussed and approved.

**6. Env. Compliance Audit - LHPWSS (January 06-10, 2025)
Watermain Disinfection Procedure, August 2020, By-Law No. 30-2006
Municipal Bylaw - South Huron, By-Law No. 2016-066 Municipal Bylaw -
Middlesex Centre, Building Code Ontario Regulation 332/12, Building Code
Act**

No NC's and no OFI's were identified as part of the audit.

**7. Env. Compliance Audit - LHPWSS (February 05, 2025)
Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the
Environmental Protection Act (Table 2), Pipeline Operations and
Maintenance Agreements (POMA), Water Supply Agreements, Occupancy
Agreements & License Agreements**

No NC's and four (4) OFI's were identified as part of the audit. Two 'Observations' were also noted as part of the audit. Action items were discussed and approved.

RWS comment – discussions have been initiated with the Ontario government in relation to radio tower upgrades at the McGillivray Pump Station (PS). For Port Blake Park, the process of renegotiating a new lease is in progress. If the beach is included in the new agreement, the stairway to the beach requires upgrades or otherwise removed.

8. Raw Water Supply and Drinking Water Quality Trends

Trends are updated once per year and include 5-year Water Quality trends. Refer to agenda package for detailed information. Discussion items:

Huron

- Raw Water - Dissolved Oxygen – the low in 2024 coincides with a seasonal water quality issue in Lake Huron
- Raw Water - Temperature – increasing over time, which could have impacts for increased seasonal water quality issues (e.g., algal blooms)
- Treated Water - Aluminum Residual – Impacts of the new coagulation system which was commissioned in May 2024 are being monitored
- Treated Water - Free Chlorine –target dosage for chlorine to be monitored, OCWA is working on programming changes to the chlorine control system
- Treated Water - Average Turbidity – increasing slightly
- Treated Water - Average pH – slightly lower than target, reminder the target at Arva Reservoir is 8.1
- Haloacetic Acids (HAA) – no concerns

- Trihalomethanes (THM) – no concerns
- Raw Water pH, Temperature and Aluminum residual – very closely correlated; these three parameters have an inverse relationship to raw water turbidity

Elgin

- Raw Water - Color – trending down
- Raw Water - Dissolved Oxygen – decreased in 2024
- Raw Water - Temperature – increasing over time which could have impacts for increased seasonal water quality issues (e.g., algal blooms)
- Raw Water – Turbidity – no changes
- Filtered Water - Aluminum Residual – low and consistent
- Treated Water – Fluoride Residual - stable (note system offline in Nov./Dec. 2024 for upgrades)
- Treated Water - Free Chlorine – trending up in 2024, operations to be mindful of the target
- Treated Water - Average Turbidity – stable
- Treated Water – Average pH – very stable
- HAA – no concerns
- THM – no concerns
- Raw Water – Temperature and aluminum residual are closely correlated; turbidity and aluminum residual are inversely correlated; the pH relationship with these parameters will be further reviewed

Refer to agenda package for detailed information.

9. Deviations from Critical Control Point limits and Response Actions

EAPWSS – 48 WaterTrax Alerts in 2024 (compared to 34 alerts in 2023) – no concerns related to the number of alerts, very typical. Most alerts were related to the Fluoride system being offline for an upgrade, Free Chlorine Residual (note operational work being done at WTP) and Dosage – Pre Chlorine.

LHPWSS – 31 WaterTrax Alerts in 2024 (compared to 16 alerts in 2023) – no concerns related to the number of alerts. Most alerts were related to Geosmin and Free Chlorine Residual, which was impacted by carbon dosing for taste and odour. Seasonal water quality conditions on Lake Huron contributed to 23 of 31 alerts.

Refer to agenda package for detailed information.

RWS Comment - Operators are encouraged to make comments in WaterTrax when generating alerts.

10. Compliance Obligations Update

Municipal Drinking Water Licence (MDWL) – LHPWSS

MECP is issuing an updated MDWL with revised filter performance criteria wording. Conditions for regulatory relief re: microbiological sampling in the distribution system have also been added. The new issue of the MDWL is still pending.

Health Canada Notices:

[Guidelines for Canadian Drinking Water Quality: Guideline Technical Document – Iron](#)

Source: Health Canada

Date Posted/Notice Received: December 27, 2024

Comments Due: NA

Summary:

The aesthetic objective (AO) of ≤ 0.1 mg/L (100 $\mu\text{g/L}$) has been established for total iron in drinking water. Concerns about iron in drinking water are often related to consumer complaints regarding discoloured water. The AO of ≤ 0.1 mg/L is intended to minimize the occurrence of discoloured water due to the presence of iron oxides and to improve consumer confidence in drinking water quality. When both iron and manganese (Mn) are present, the removal of iron generally improves the removal of Mn and thus will reduce the health risk associated with this metal.

Potential Impacts:

There is no regulatory Maximum Acceptable Concentration (MAC) for iron in drinking water in Ontario. An AO of 0.3 mg/L is identified in the Technical Support Document for Ontario Drinking Water Standards, Objectives and Guidelines. Based on past data, there are no concerns at this time.

- Elgin WTP treated water data (2020-2025): total iron max 0.014 mg/L, avg 0.0080 mg/L
- Huron WTP treated water data (2020-2025): total iron max <0.007 mg/L, avg <0.007 mg/L

[Consultation: Draft Guidelines for Canadian Drinking Water Quality, Trihalomethanes](#)

Source: Health Canada

Date Posted/Notice Received: January 24, 2025

Comments Due: April 4, 2025

Summary:

The proposed MAC for trihalomethanes (THMs) in drinking water is 0.100 mg/L (100 $\mu\text{g/L}$) based on a locational running annual average of a minimum of quarterly samples taken at the points in the distribution system with the highest potential THM levels. Utilities should make every effort to maintain concentrations as low as reasonably achievable without compromising the effectiveness of disinfection.

The existing guideline technical document was developed in 2006, with an addendum in 2009, and this document proposes to retain the MAC of 0.100 mg/L for total THMs in drinking water.

Potential Impacts:

None anticipated. The current MAC in Ontario for THMs is also 0.100 mg/L (expressed as a running annual average of quarterly results).

- EAPWSS currently monitors THMs at one (1) location: Terminal Reservoir Valve House. Historical max. value (2005-2025) is 0.032 mg/L.
- LHPWSS currently monitors THMs at four (4) locations: Arva Reservoir, Komoka-Mt. Brydges Monitoring Station #2, Strathroy-Caradoc Monitoring Station #2, Exeter-Hensall Monitoring Station #3. Historical max. value (2005-2025) from all sites is 0.054 mg/L at E-H MS #3.

[Guidance on Sampling and Mitigation Measures for Controlling Lead Corrosion](#)

Source: Health Canada

Date Posted/Notice Received: February 21, 2025

Comments Due: NA

Summary:

Corrosion is a common issue in drinking water distribution and plumbing systems. Although there is no direct health effects linked to corrosion in distribution and plumbing systems, it may cause the release of lead and other contaminants. This document focuses on lead as the main contaminant of concern for health. The results of lead monitoring are used as the trigger to initiate corrosion control programs to control or mitigate its release.

The intent of the document is to provide municipalities with guidance on assessing corrosion and triggers for implementing corrosion control measures for distribution systems in residential settings. This guidance is intended to complement the information provided in the [Guidelines for Canadian Drinking Water Quality – Lead](#).

Potential Impacts:

None anticipated. The Lake Huron WTP and Elgin Area WTP each have a treated water pH adjustment system, utilizing sodium hydroxide, for corrosion control in drinking water distribution systems.

[Consultation: Draft Guidelines for Canadian Drinking Water Quality, Arsenic](#)

Source: Health Canada

Date Posted/Notice Received: March 7, 2025

Comments Due: May 6, 2025

Summary:

A MAC of 0.005 mg/L (5 µg/L) is proposed for arsenic in drinking water based on municipal- and residential-scale treatment achievability. Note that the proposed MAC is lower than the current MAC of 0.010 mg/L.

Potential Impacts:

In Ontario, the current regulatory MAC for arsenic is 0.010 mg/L. Based on past data, there are no concerns.

- Elgin WTP treated water data (2020-2025): arsenic max. 0.0004 mg/L; avg 0.0003 mg/L
- Huron WTP treated water data (2020-2025): arsenic max. 0.0002 mg/L; avg 0.0002 mg/L

OCWA comment – AWWA has released a new version of AWWA C651 Disinfecting Water Mains. Very little impact to operations but note the numbering within the Ontario Watermain Disinfection Procedure no longer correlates with what is identified in AWWA C651-23.

11. Adequacy of Resources

Staffing:

All existing RWS positions are currently filled. New positions approved for 2025:

- Senior Technologist (filled)
- IT Hardware Technician (filled)
- Engineer-in-Training (EIT) position converted to a permanent Env. Services Engineer (filled)
- Health and Safety Advisor (posted)
- SCADA Supervisor (job description finalized, not yet posted)
- Manager of Finance and Procurement (posted)
- Procurement Specialist (in progress)
- Support Clerk (in progress)
- Senior Manager of Business Operations (in progress)

RWS is adding more resources but also taking on more responsibility. We will need to ensure this does not detract from our existing responsibilities, and we still need to meet our objectives. RWS is implementing a new Alternative Work Strategy (AWS) with the intent of making resources more effective.

All OCWA positions are currently filled. OCWA added two new positions in 2024:

- Process & Compliance Technician (Huron/Elgin)
- Senior Operations Manager (Elgin) – see Business case for details

Training:

No concerns currently.

RWS comment – When undertaking training, it should, where practical, incorporate benefits and/or application to identified objectives and targets (e.g., energy efficiency).

Inspection & Audit Results:

For the 2024-2025 inspection period:

- LHPWSS had 0 non-compliances with an inspection rating 100%, an improvement over the past 2 years
- EAPWSS had 1 non-compliance with an inspection rating 95.52%

In 2024 both systems had successful EMS & DWQMS external audits, with no non-conformities identified.

The backlog of environmental compliance audits has been cleared and these audits are successful in identifying non-compliances and areas of improvement.

Overall, the management systems and associated compliance programs are working well and being adequately supported. The management systems continue to identify issues and seek opportunities for improvement.

RWS Comment - Both Boards are very supportive of our management system approach and our highly successful outcomes. Glad we are focused on not just the core regulations, guidelines etc. but also on our contractual obligations (e.g., landowner agreements) and other regulations (e.g., building code). It is noted that our management system approach is also recognized nationally and internationally.

Water volumes:

In 2024 each Elgin and Huron sold less than budgeted volumes to the municipalities. Approx. 0.82% less for Huron and 0.37% less for Elgin. There are no immediate concerns for the operational and capital budgets, as total revenue is still reasonably close to the projected volumes used for budget development.

RWS continues to monitor the long-term implications of construction and development in the area. The 2024 Master Plan Updates for each system are in progress and will consider growth and development in the region.

RWS Comment – We are well within our financial plan projections.

Capital Program:

There are currently 107 open projects. From the 2025 approved budget, there are still some projects to be initiated (22 to be started, 17 on hold).

Additional staffing has been added for capital programs, so we are optimistic but it takes time for new staff to get up to speed. It was noted that RWS has a strong onboarding process.

It is recognized that additional RWS resources puts more pressure on OCWA. We have more resources but with WTP coordination we can still only fit so many projects in at a time. We have recently had back-to-back shutdowns which strain resources. Coordinating projects during shutdowns is possible but increases risk.

The addition of procurement and finance staff will help support the capital program. The intent is to be more efficient and effective with procurement.

RWS is experiencing some issues with the project microsites, particularly with archiving past projects and the associated email correspondence. SharePoint support from the consultant has been an issue, we are pursuing a new solution.

Implementation of software solutions is intended to streamline processes and create efficiencies, noting that roll-out is challenging.

- Jotform for risk assessments and business cases
- OnLocation for contractor management

Supply Chain:

Ongoing changes with market conditions, tariffs, supply chain. We are being encouraged to use local vendors (i.e., non-USA vendors). This could affect program delivery and costs, noting that cost is not the priority of the management systems. We are currently compiling a list of vendors, chemicals, materials and equipment that are purchased from the USA, including those purchased from Canadian suppliers but originate from the USA.

OCWA comment – Elgin saw an increase in overhead door replacement costs which is likely related to US tariffs. Did use a Canadian supplier at the same cost.

External Issues:

The following external issues are linked to resources and are to be further considered in fall 2025:

- 2026 is an election year for municipalities, so there may be pressure for a reduction in the 2026 budget % increase. If so, capital investments may need to be revisited.
- Ongoing challenges with tariffs and market conditions

RWS comment – In the near future, a Health and Safety Advisor will be onboarded. At that time a Health and Safety Management System following the ISO 45001 Standard will be implemented. The new system will be integrated with other management systems. Resources implications are expected to be sufficient over the long term. This will be integrated and coordinated with OCWA, City of London and any contracted services, vendors etc.

OCWA comment – The Process & Compliance Technician (PCT) and Safety, Process & Compliance (SPC) Manager will support the Health and Safety Management System.

Conclusion:

In the immediate timeframe we have adequate resources to support the EMS/QMS, despite some challenges noted above. In the medium term, implementing a health and safety management system that is integrated with the existing EMS/QMS will result in a short and medium term draw on resources. In the longer term there may be implications for our capital program, however as long as the Asset Management Plan and Master Plan are solid, we can manage resource implications.

12. Consumer feedback - Relevant Communications from Interested Parties, including Complaints

LHPWSS

Reviewed complaints/concerns documented in the Monthly Operations Reports and on complaint forms (LF-ADMIN-1000).

2024

- July – Aug 2024: Various taste & odour complaints received from City of London, Mun. of North Middlesex, and a resident (South Huron). The complaints were earthy/swampy in nature. The complaints all related to an ongoing geosmin issue that persisted in Lake Huron July through Sep. A [Lake Huron Seasonal Water Quality Advisory](#) was posted Aug. 7, 2024.

2025 (Year to date Jan – Mar)

- None

EAPWSS

Reviewed complaints/concerns documented in the Monthly Operations Reports and on complaint forms (EF-ADMIN-1000).

2024

- April 2024: Complaint received from a City of St. Thomas resident re: salty taste. Information was collected and passed on to the municipality.
- Sep. – Nov. 2024: Various taste & odour complaints received from City of London, and residents (Malahide, London). The complaints were earthy/swampy in nature. The complaints relate to seasonal lake events. A [Lake Erie Seasonal Water Quality Advisory](#) was posted Aug. 23, 2024.

2025 (Year to date Jan – Mar)

- Mar. 2025: Various taste & odour complaints received from City of St. Thomas, City of London, Central Elgin, others. The complaints were all plastic/petroleum/chemical in nature. This relates to an ongoing seasonal raw water quality issue (e.g., loss of ice cover, spring runoff). A [Lake Erie Water Quality Taste & Odour Advisory](#) was posted March 11, 2025.

RWS comment – Conversation with Elgin Board chair and they did receive comments and questions about the recent Elgin event. They have requested that when an event has occurred and advisories are posted, we are to notify the Board. This is to also include regular seasonal advisories and taste and odour events. Both Boards will be advised in future.

13. Staff Suggestions

RWS comment - Actively working on 2024 staff suggestions. No additional staff suggestions at this time.

OCWA comment - No suggestions at this time. Will solicit feedback from staff.

14. Corrective Action Form

Huron Residuals Management Facility (RMF) Total Chlorine (TCR) Analyzer Incident (Jan. 8, 2025). Refer to agenda package for detailed information.

End of Meeting

Next Meeting – June 06, 2025 – 9:00 am

Appendix B: Compliance Audit Summary Report - Watermain Disinfection Procedure-August 2020, By-Law No. 30-2006 - South Huron, By-Law No. 2016-066 - Middlesex Centre, Building Code Ontario Regulation 332/12, Building Code Act (January 06-10, 2025)

Audit Purpose:

The purpose of the audit was to verify compliance with relevant environmental legislation and other compliance obligations at the Lake Huron Primary Water Supply System (LHPWSS). Internal audits ensure the progress and activity of the Environmental Management System (EMS) is tracked.

Auditor Qualifications:

Jennifer Levitt has completed an ISO 14001:2015 Internal Auditor training course and an Environmental Compliance 101 course and is deemed competent to complete environmental compliance auditing (see Certificate in Appendix A).

Methodology:

The internal audit was conducted as outlined in Procedure LH-ADMIN-1600 (Compliance) as detailed in the EMS Manual. The audit was primarily associated with a desktop review and therefore an opening/closing meeting was not required (refer to Section 3.4.2 of LH-ADMIN-1600). An audit plan was issued December 23, 2024. The audit checklist was generated using the Environmental Compliance Internal Audit checklist (LF-ADMIN-1600) which is attached as Appendix B of this report.

The audit was comprised of a desktop environmental compliance review of the LHPWSS. The audit was 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 06, 2021.

Operational documents and records maintained by the Operating Authority for the period April 06, 2021 through January 10, 2025 were reviewed in conjunction with this compliance evaluation.

Note:

The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditor to demonstrate compliance obligations are

being met as outlined in the EMS. The review and audit should not be construed as a complete and comprehensive review of all aspects and all documents.

Checklist criteria:

The following items had criteria in the Environmental Compliance Internal Audit checklist:

- Watermain Disinfection Procedure, August 2020
- By-Law No. 30-2006 Municipal Bylaw - South Huron
- By-Law No. 2016-066 Municipal Bylaw - Middlesex Centre
- Building Code Ontario Regulation 332/12
- Building Code Act

Interviews Conducted:

- M.MacKenzie - Process & Compliance Technician, OCWA
- D.Scott - Technologist, RWS

FINDINGS

The following is a summary of the findings including non-compliance issues and opportunities for improvement for the LHPWSS.

Definitions:

- A non-compliance (NC) is a non-fulfilment of a regulatory requirement.
- An opportunity for improvement (OFI) describes a regulatory requirement that can be more effectively addressed.

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

Appendix C: Compliance Audit Summary Report - Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act-Table 2, POMA, Water Supply Agreements, Occupancy Agreements & License Agreements (February 05, 2025)

Audit Purpose

The purpose of the audit was to verify compliance with relevant environmental legislation and other compliance obligations at the Lake Huron Primary Water Supply System (LHPWSS). Internal audits ensure the progress and activity of the Environmental Management System (EMS) is tracked.

Auditor Qualifications

Jennifer Levitt has completed an ISO 14001:2015 Internal Auditor training course and an Environmental Compliance 101 course and is deemed competent to complete environmental compliance auditing (see Certificate in Appendix A).

Methodology

The internal audit was conducted as outlined in Procedure LH-ADMIN-1600 (Compliance) as detailed in the EMS Manual. The audit was primarily associated with a desktop review and therefore an opening/closing meeting was not required (refer to Section 3.4.2 of LH-ADMIN-1600). An audit plan was issued January 15, 2025. The audit checklist was generated using Environmental Compliance Internal Audit checklist (LF-ADMIN-1600) which is attached as Appendix B of this report.

The audit was comprised of a desktop environmental compliance review, limited site visits to the LHPWSS remote stations and a site visit to the Port Blake Day Park. The audit was 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 06, 2021.

Operational documents and records maintained by the Operating Authority for the period April 07, 2021 through February 04, 2025 were reviewed in conjunction with this compliance evaluation.

Note:

The audit was conducted through a review of a sampling of documents, limited interviews and observations by the auditor to demonstrate compliance obligations are being met as outlined in the EMS. The review and audit should not be construed as a complete and comprehensive review of all aspects and all documents.

Checklist Criteria

The following items had criteria in the Environmental Compliance Internal Audit checklist (LF-ADMIN-1600):

- Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act
- Pipeline Operations and Maintenance Agreements (POMA)
- Water Supply Agreements
- Occupancy Agreements & License Agreements

Interviews Conducted

- M.MacKenzie, Process & Compliance Technician, OCWA
- E.McLeod, Quality Assurance & Compliance Manager, RWS
- J.Walker, Operations Manager, RWS
- R.Armstrong, Asset Management Coordinator, RWS
- A.Gagnier, Budget and Finance Analyst, RWS

Areas Visited

- Exeter Hensall Pumping Station (EHPS), 39590 Huron Street, South Huron
- McGillivray Pumping Station, 4064 McGillivray Drive, North Middlesex
- Komoka-Mt. Brydges Pumping Station (KMBPS), 13964 Medway Road, Middlesex Centre
- Port Blake Day Park, 71111 Bluewater Hwy., Municipality of South Huron

FINDINGS

The following is a summary of the findings including non-compliance issues and opportunities for improvement for the LHPWSS.

Definitions

- A non-compliance (NC) is a non-fulfilment of a regulatory requirement.
- An opportunity for improvement (OFI) describes a regulatory requirement that can be more effectively addressed.

Non-Conformances

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

Opportunities for Improvement

OFI#1 - Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act - LH-PROC-1200 sampling program does not include the Toxicity Characteristic Leaching Procedure (TCLP), volatile organic compounds (VOCs), or Benzo(a)pyrene as per the requirements outlined by the South Huron Landfill (email dated April 19, 2022). Residuals testing for sample 'Hauled Dewatered Sludge 14197' does not include VOC's or Benzo(a)pyrene. It should be noted that a TCLP sample was analyzed in 2022 (CA30227-APR220).

OFI#2 - Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act - Total Suspended Solids (TSS) analysis for samples 'filter backwash', 'clarifier sludge' and 'centrifuge centrate' are not completed on a monthly basis as per Section 3.3 of procedure LH-PROC-1200. TSS analysis was not included for 'Sludge from Clarifier' on CA16193-MAY 1, 2023 and CA16575-MAY 07, 2024. There was also no TSS analysis for 'Centrifuge Centrate' on report CA16577-MAY 7, 2024.

OFI#3 - Soil, Ground Water and Sediment Standards for Use Under Part XV.1 of the Environmental Protection Act - Reported analytical results for arsenic of 15ug/g in dewatered sludge were above the EPA Table 2 Agricultural or Other Property Use of 11 ug/g (CA18135-APR23). Consideration should be given to further defining how anomalies are reported to the receiving landfill within LH-PROC-1200.

OFI#4 - Water Supply Agreements - For temporary shutdowns, a time reference could not be defined for 'reasonable notice', 'minimum duration' and 'substantial interruption or reduction'. Consideration should be given to define time references within a documented communications protocol / SOP for shutdowns. Note this applies to Water Supply Agreements for Bluewater, Municipality of Middlesex Centre, North Middlesex, Strathroy-Caradoc/Mount Brydges Amending Agreement and South Huron.

Other Observations

Observation#1 - Occupancy/Licence Agreement (L11873) between LHPWSS Board and Province of Ontario as represented by Minister of Government and Consumer Services (MGCS) – At the McGillivray Radio Tower, only two (2) of the three (3) tower anchors are illustrated on 'Schedule A' of the Agreement. The anchor in-between the Booster Pump Station and the Electrical Substation is missing. Two (2) of the three (3) tower anchor compounds were unlocked and the top barbwire section on all compounds (including radio tower) were broken.

Observation#2 - Occupancy Lease Agreement between LHPWSS and Municipality of South Huron (Port Blake Park - Huron WTP) - The 'make-shift' stairway leading to the beach is constructed with tires. This is a potential safety concern.

Board of Management Report

Subject: Quarterly Operating Financial Status – 1st Quarter 2025

Overview:

- This report shows the current fiscal year's 1st quarter in comparison to its Budgeted amount and the previous year's same time period.

Recommendation

That the Board of Management for the Lake Huron Water Supply System receives this report regarding the Operating Financial Status Report for the period of January 1 to March 31, 2025, 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

Quarterly Operating Financial Status – 4th Quarter 2024

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 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 and/or unaccrued expenses from a previous or 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 first quarter 2025 (January 1 to March 31) 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. Expenditures have increased from the same period in 2024 due to an increase in contracted costs and service adjustments.
- Contracted Administrative Services in the summary report reflects the fees paid to the City of London.
- 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 volumes and market rates.
- Salaries, wages, and benefits expenditures include all direct labour costs for administrative staff including benefits. Variations over the same period in 2024 are attributed to annual salary adjustments, vacancies, and additional staff added in the 2025 budget.
- Administration and Other Expenses relates to various overhead operating expenses, including subscriptions and memberships, bank charges and interest, and office supplies.
- Vehicles and Equipment expenditures include costs associated with vehicles, computers, and office equipment for administrative staff.
- Purchased Services and Professional Fees largely relate to allowances for ad hoc professional consulting and legal services, security services, office lease, telephone charges, network, and SCADA (Supervisory Control and Data Acquisition) maintenance, printing services, and pipeline locate costs. The increased cost when compared to the same period in 2024 is largely attributed to higher insurance premiums.

- Debt Principal and Interest payments occur twice per year; in the first and third quarter. The first quarter 2025 shows the debt principal payments for the entire year.
- 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
Budget and Finance Analyst

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 – 1st Quarter 2025

Quarterly Financial Summary Report

Lake Huron Water Supply system
1st Quarter 2025 (January 1 to March 31)
(\$,000's)

	Approved 2025 Budget	Q1 - 2025	2025 Year to Date	Year To Date Variance	2024 Year To Date
Total Revenue	29,295	6,487	6,487	22,808	5,891
<u>Expenditures:</u>					
Contracted Operating Services	8,387	2,152	2,152	6,235	1,923
Contracted Administrative Services	207	86	86	121	84
Electricity	3,100	930	930	2,170	733
Salaries, Wages, Benefits	1,872	210	210	1,662	193
Administration and Other Expenditures	568	188	188	380	184
Vehicles and Equipment	180	25	25	155	65
Purchased Services & Professional Fees	1,623	562	562	1,061	517
Debt Principle Payments	969	966	966	3	952
Interest on Long-Term Debt	7	12	12	(5)	22
Contributions to Reserve Funds	12,382	0	0	12,382	0
Total Expenditures	29,296	5,131	5,131	24,165	4,673

Board of Management Report

Subject: Water System Operation - Contract Status Update

Overview:

- The current Service Agreement with the operating authority is in effect for the term of January 1, 2023 to December 31, 2027.
- In 2024, the operating authority did not achieve the contractual requirements related to employee retention and did not receive the associated incentive payment.
- In 2024, the operating authority received \$85,000 for the performance incentive payment. There was a \$15,000 deduction for not meeting all water quality performance criteria.
- In 2024, the treated water volume was slightly higher than the projected range resulting in an adjustment to the service fee.

Recommendation

That the Board of Management for the Lake Huron Water Supply System **RECEIVE** this report for information.

Previous and Related Reports

June 6, 2024	Water System Operation – Contract Status Update
June 1, 2023	Water System Operation – Contract Status Update
June 2, 2022	Water System Operation – Contract Status Update
October 7, 2021	Operations and Maintenance Services Agreement – Negotiation of Term Extension

Background

On January 19, 2012, the Board of Management for the Lake Huron Water Supply System (LHWSS), acting concurrently and jointly with the Board of Management for the Elgin Area Water Supply System (EAWSS), awarded the contract for the management, operation, and maintenance of the drinking water systems to the Ontario Clean Water Agency (OCWA). OCWA began operating the LHWSS on July 1, 2012. The original contract with OCWA was for a five-year term, with additional five-year optional extensions.

In 2017 an Amending Agreement was executed to extend the term. The Amending Agreement took effect on July 1, 2017, and the term ended on December 31, 2022. The

Amending Agreement allowed for an additional five-year extension at the option of the Board.

On March 4, 2021, the Board authorized staff to negotiate the terms and conditions for a term extension agreement with OCWA for the allowable five-year period. On October 7, 2021, the Board approved the Amended and Restated Operations and Maintenance Services Agreement and authorized the Board Chair and the CAO to execute the agreement with OCWA. The Agreement is in effect for the period of January 1, 2023 to December 31, 2027.

At the joint direction of the Boards of Management for each of the Lake Huron Water Supply System and the Elgin Area Water Supply System, staff are preparing for a public procurement process beginning in late 2025 for the selection of a contracted operating authority beginning January 1, 2028. A public procurement process of this nature typically takes a minimum of eighteen months to complete, including transition.

Discussion

The service agreement with OCWA contains a significant number of deliverables. This report does not attempt to cover the status of all deliverables, rather it provides an overview of some of the more notable administrative items.

General Contract Deliverables

Under the service agreement, OCWA is required to provide several regular reports to Board staff, including:

- Monthly Operations and Maintenance Report
- Quarterly Contract Report
- Quarterly Water Quality Report
- Quarterly Financial Report
- Quarterly Health & Safety Activities Report

Board staff and OCWA currently meet monthly to review the day-to-day management, operations, and maintenance activities for the water supply system. The Board's CAO, Director, and the senior management of OCWA also meet quarterly to discuss any financial, contractual compliance and administrative-level issues. All the above noted reports and related meeting minutes are available from the Regional Water Supply office in London upon request.

Employee Retention Incentive

Under the service agreement, OCWA is entitled to receive an annual employee retention incentive payment if all critical staff positions were filled, and staff turnover for

these positions was no more than two (2) persons during the calendar year. This incentive was included in the service agreement to ensure adequate numbers of critical staff were available and incent minimal turnover, which was a significant issue with the previous contracted operating authority.

In 2024, OCWA did not achieve these requirements for the LHWSS and was not eligible to receive the \$30,000 employee retention incentive payment. The incentive was impacted by turnover of four (4) critical staff positions during the year: Regional Manager, Team Lead (Operations & Compliance), Safety, Process & Compliance Manager, and an Operator. These positions have all since been filled.

Performance Incentive Payment

At the end of each contract year, OCWA is entitled to receive a performance incentive payment of up to \$100,000, subject to any deductions outlined in the service agreement. Deductions could result from a number of specified issues, such as providing deficient or late reports, failure to meet emergency response requirements, failure to deal with complaints, failure to meet water quality performance criteria, etc. The performance incentive payment is intended to promote performance superior to minimum regulatory standards and best practices.

In 2024 OCWA received \$85,000 for the incentive payment. There was a \$15,000 deduction to the incentive payment for not meeting all water quality performance criteria outlined within the service agreement. Specifically, in three consecutive months (i.e. July, August and September 2024) the criteria for geosmin in treated water was not met. Geosmin is a naturally occurring compound that is produced by algae or bacteria in surface water and causes taste and odour issues in drinking water. In July through September 2024, geosmin was detected in treated water in concentrations above the acceptable taste and odour threshold. It is important to note that geosmin is not a regulatory parameter, and that all regulatory water quality requirements were met in 2024.

Service Fee Adjustment

The service agreement identifies projected annual treated water volumes throughout the contract term, upon which the annual service fee is based. At the end of each contract year, if the actual volume is greater than 105% or less than 95% of the projected volume, an adjustment is made to the service fee (either a credit or additional cost).

In 2024, the actual volume for the LHWSS was 106.24% of the projected contract volume. This was outside the accepted range therefore an adjustment to the service fee was required. The increase in volume was deemed to impact OCWA's actual chemical costs and residuals disposal costs. This resulted in an adjustment of \$33,077, paid by the Board to OCWA.

Conclusion

Board staff will continue to work closely with the operating authority to monitor performance and ensure deliverables under the service agreement. Any contractual issues are discussed at the quarterly operations meetings between OCWA and Board staff.

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

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

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

Board of Management Report

Subject: 2024 Audited Financial Statements and Auditors Report

Overview:

- The Independent Auditors' Report confirms that the 2024 financial statements provided represent the financial position of the Lake Huron Water Supply System in accordance with the Canadian Public Sector Accounting Standards.

Recommendation

That the Board of Management for the Lake Huron Primary Water Supply System **RECEIVE AND ACCEPT** the 2024 Audited Financial Statements and Independent Auditors' Report for the Lake Huron Primary Water Supply System.

Discussion

On an annual basis, the finances and financial statements for the Lake Huron Primary Water Supply System are audited by a financial auditor, acquired in partnership with the City of London in its capacity as Administering Municipality for the water system. The draft audited financial statements have been provided to the benefiting municipalities, as well as the reconciled volumes supplied to each municipality, to allow the municipalities to complete their respective financial audits and statements.

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

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

Attachments: Independent Auditors' Report
2024 Audited Financial Statements, Lake Huron Water Supply System

Financial Statements of

**LAKE HURON AREA PRIMARY WATER
SUPPLY SYSTEM**

And Independent Auditors' Report thereon

December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lake Huron Area Primary Water Supply System

Opinion

We have audited the financial statements of Lake Huron Area Primary Water Supply System (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

Date

Draft

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Due from the Corporation of the City of London (note 4)	\$ 56,500,341	\$ 53,238,456
Trade and other receivables	876,538	1,000,304
Loan receivable (note 5)	1,176,822	1,420,466
Total financial assets	58,553,701	55,659,226
Financial liabilities		
Accounts payable and accrued liabilities	3,030,339	5,306,313
Accrued interest on long-term debt	7,210	13,051
Long-term debt (note 6)	1,050,965	1,996,774
Asset retirement obligation (note 7)	875,427	901,138
Total financial liabilities	4,963,941	8,217,276
Net financial assets	53,589,760	47,441,950
Non-financial assets		
Tangible capital assets (note 8)	146,831,166	146,143,305
Prepaid expenses	515,744	442,020
Total non-financial assets	147,346,910	146,585,325
Commitments (note 12)		
Accumulated surplus (note 9)	\$ 200,936,670	\$ 194,027,275

The accompanying notes are an integral part of these financial statements.

Draft**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Statement of Operations****Year ended December 31, 2024, with comparative information for 2023**

	Budget (note 13)	2024	2023
Revenues			
User charges	\$ 26,574,000	\$ 26,355,651	\$ 24,266,205
Investment income	1,477,000	2,393,791	1,339,391
Transfer payments			
Provincial	571,730	571,730	-
Other municipalities (note 11)	389,443	645,143	-
Other	967,000	9,227	5,277
Total revenues	29,979,173	29,975,542	25,610,873
Expenses			
Salaries, wages and fringe benefits	1,278,786	1,237,951	1,062,166
Materials and supplies	12,720,810	13,051,522	12,131,289
Contracted services	1,093,883	1,048,704	1,378,662
Rents and financial expenses	135,000	150,665	112,456
Interest on long-term debt (note 6)	34,478	34,478	59,412
Amortization of tangible capital assets	7,208,742	7,208,742	6,914,488
Administrative charges to the Corporation of the City of London	338,000	334,085	302,156
Total expenses	22,809,699	23,066,147	21,960,629
Annual surplus	7,169,474	6,909,395	3,650,244
Accumulated surplus, beginning of year (note 9)	194,027,275	194,027,275	190,377,031
Accumulated surplus, end of year (note 9)	\$201,196,749	\$200,936,670	\$194,027,275

The accompanying notes are an integral part of these financial statements.

Draft**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Statement of Change in Net Financial Assets****Year ended December 31, 2024, with comparative information for 2023**

	Budget (note 13)	2024	2023
Annual surplus	\$ 7,169,474	\$ 6,909,395	\$ 3,650,244
Acquisition of tangible capital assets	(10,821,377)	(7,896,603)	(8,534,095)
Amortization of tangible capital assets	7,208,742	7,208,742	6,914,488
	3,556,839	6,221,534	2,030,637
Change in prepaid expenses	-	(73,724)	(19,896)
Change in net financial assets	3,556,839	6,147,810	2,010,741
Net financial assets, beginning of year	47,441,950	47,441,950	45,431,209
Net financial assets, end of year	\$ 50,998,789	\$ 53,589,760	\$ 47,441,950

The accompanying notes are an integral part of these financial statements.

Draft**LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM****Statement of Cash Flows**

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 6,909,395	\$ 3,650,244
Items not involving cash		
Amortization of tangible capital assets	7,208,742	6,914,488
Amortization of debenture discount	5,944	6,973
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	(3,261,885)	(4,402,216)
Prepaid expenses	(73,724)	(19,896)
Trade and other receivables	123,766	(317,305)
Accounts payable and accrued liabilities	(2,275,974)	3,792,098
Accrued interest on long-term debt	(5,841)	(7,582)
Asset retirement obligation	(25,711)	(30,576)
Net change in cash from operating activities	8,604,712	9,586,228
Capital activities		
Purchase of tangible capital assets	(7,896,603)	(8,534,095)
Net change in cash from capital activities	(7,896,603)	(8,534,095)
Financing activities		
Long-term debt repayments	(951,753)	(1,106,232)
Loan receivable	243,644	54,099
Net change in cash from financing activities	(708,109)	(1,052,133)
Net change in cash flows and cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements
Year ended December 31, 2024

1. Nature of Reporting Entity

The final transfer order for Lake Huron Area Primary Water Supply System (the "Entity") was effective September 15, 2000, transferring assets along with any other real property to The Corporation of the City of London (the "Corporation") in trust to act as the Administering Municipality on behalf of the participating municipalities.

Under the transfer order, the works, properties, and all assets, liabilities, rights, and obligations of the system are conveyed, assigned, and transferred to the Corporation as Trustee. Each of the benefitting municipalities, for so long as the municipality is serviced by the works, has an undivided beneficial ownership interest in the works as tenant, in common with all other municipalities jointly. The proportion of each municipality's interest to the total interests of all municipalities shall correspond to the ratio of the water supplied to each municipality to the total water supplied to all municipalities at any given time. At present, the benefitting municipalities are The Corporation of the City of London, the Municipalities of Bluewater, South Huron, Lambton Shores, North Middlesex, Lucan-Biddulph, Middlesex Centre, and Strathroy-Caradoc.

The transfer order established a joint board of management to govern the management of the water supply system. The joint board of management is comprised of eleven members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
The Corporation of the City of London	4	16
The Corporation of the Municipality of Bluewater	1	1
The Corporation of the Municipality of South Huron	1	1
The Township of Lucan-Biddulph	1	1
The Corporation of the Municipality of Lambton Shores	1	1
The Municipality of North Middlesex	1	3
The Municipality of Middlesex Centre	1	1
The Corporation of the Municipality of Strathroy-Caradoc	1	3

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies

The financial statements of the Entity are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

(a) Accrual Accounting

Sources of financing and expenses are reported on the accrual basis of accounting.

(b) Asset Retirement Obligation

An asset retirement obligation (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The following liabilities have been recognized based on estimated future expenses:

- Removal of asbestos in several of the buildings owned by the Entity. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.
- Removal of underground fuel and oil storage tanks and related piping. The Technical Standards and Safety Authority (TSSA) states in both its Liquid Fuels Handling Code and the Fuel and Oil Code that an underground storage tank and its piping must be removed when it has been out of service for 2 years or more.
- Removal of leasehold improvements where requested by the landlord. A lease may have a Base-Building clause that states that leasehold improvements are to be removed at the end of a lease at the request of the landlord and at the expense of the Entity.

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(c) Non-financial Assets (continued)

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Machinery and equipment	7 – 20
Vehicles	5 – 15
Water infrastructure	10 – 60
Computers	3

Annual amortization is charged in the year of acquisition and in the year of disposal using the half year rule. Assets under construction are not amortized until the asset is available for productive use.

(ii) Interest Capitalization

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

(d) Revenue Recognition

The Entity recognizes revenue when water is drawn by each customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

(e) Government Transfers

Government transfer payments to the Entity are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Entity determines the classification of its financial instruments at initial recognition.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including cash and cash equivalents, trade accounts receivable, loans receivable, accounts payable, and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

The following table provides the carrying amount information of the Entity's financial instruments by category.

Financial Instruments	Measurement Method
Due from the Corporation of the City of London	Cost
Trade and other receivables	Cost
Other loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Cost
Accrued interest on long-term debt	Cost
Long-term debt	Amortized Cost

Amortized cost is measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Entity manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and related balances reverses from the statement of remeasurement gains and losses. A statement of remeasurement gains and losses has not been included as there are no material matters to report therein.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(g) Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivable are recognized in the statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Entity will expense the grant portion of the transaction in the statement of operations and accumulated surplus at the time the loan is made.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

The Entity's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the expected retirement costs, as well as the timing and duration of these retirement costs.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(j) Budget Figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board (PSAB), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(k) Liability for Contaminated Sites

Under PS 3260, liability for contaminated sites is defined as the result of contamination being introduced in air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(l) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements.

(m) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value, or another amount dictated by policy, accountability structure, or budget practice.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(n) Future Accounting Pronouncements

These standards and amendments were not effective for the year ended December 31, 2024, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standard updates on the future financial statements.

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Entity for the year ending December 31, 2027). Standards must be implemented at the same time:

(i) New Public Sector Accounting Standards (PSAS) Conceptual Framework

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- Preparers to account for items, transactions and other events not covered by standards;
- Auditors to form opinions regarding compliance with accounting standards;
- Users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

(ii) Reporting Model PS 1202, Financial Statement Presentation

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201, Financial Statement Presentation. The model is expected to be implemented retroactively with restatement of prior year amounts.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

2. Significant Accounting Policies (continued)

(n) Future Accounting Pronouncements (continued)

(ii) Reporting Model PS 1202, Financial Statement Presentation (continued)

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets - accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Financial Assets
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities
- Isolated financing transaction in the Statement of Cash Flows

3. Change in Accounting Policies - Adoption of New Accounting Standards

The Entity adopted the following standards concurrently, beginning January 1, 2024:

(a) PS 3160 Public Private Partnerships (P3s)

PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Entity and therefore, no adjusting entries occurred.

(b) PS 3400 Revenue

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred. For 2024, the year of transition, based on an evaluation of the Entity's revenue transactions, no adjusting entries occurred.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(c) PSG-8 Purchased Intangibles

PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Entity.

4. Due from the Corporation of the City of London

As the Administering Municipality, the Corporation manages the daily operations of the Entity. The Corporation maintains a separate general ledger on behalf of the Entity. All funds are paid and received through the Corporation's bank account and are held for use by the Entity.

5. Loan Receivable

	2024	2023
Loan receivable	\$ 1,176,822	\$ 1,420,466

Effective July 1, 2022, a repayment loan was established between the Lake Huron Area Primary Water Supply System and the Municipality of North Middlesex where the Municipality of North Middlesex will pay the Lake Huron Area Primary Water Supply System \$1,639,331 over 10 years with a fixed rate of 2.69% paid semi-annually. This loan will mature in January 2032.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

6. Long-term Debt

Long-term debt is stated as follows:

	2024	2023
Long-term debt assumed by the Corporation of the City of London, as Administering Municipality, on behalf of the Lake Huron Area Primary Water Supply System, with semi-annual interest payments:		
at rates ranging from 2.1% to 2.25% (2023 - 1.95% to 2.25%), maturing March 2025.	\$ 965,816	\$ 1,833,343
at rates ranging from 2.40% to 2.85% (2023 - 2.20% to 2.85%), maturing March 2027.	88,661	172,886
Total long-term debt	1,054,477	2,006,229
Less: Unamortized debenture discount	(3,512)	(9,455)
Net long-term debt	\$ 1,050,965	\$ 1,996,774

The long-term debt repayment schedule is as follows:

2025	\$ 965,816
2026	43,730
2027	44,931
Total	\$ 1,054,477

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2024	2023
Interest on long-term debt	\$ 28,534	\$ 52,439
Amortization of debenture discount	5,944	6,973
	\$ 34,478	\$ 59,412

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

7. Asset Retirement Obligation

The Entity's Asset retirement obligation consists of several obligations as follows:

(a) Asbestos removal:

The Entity owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the asbestos before these buildings are demolished. Following the adoption of PS3280, the Entity recognized an obligation relating to 8 buildings that contain or are suspected to contain asbestos material, of which, none have been fully amortized at January 1, 2024. Each building has an estimated useful life of 40 years.

Key assumptions in determining the liability at December 31, 2024 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished
- Undiscounted liability for asbestos removal - \$632,211
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only

(b) Removal of underground fuel and oil storage tanks:

The Entity owns various underground fuel and oil storage tanks that have to be removed at the end of their lives. The tanks became a part of the pooled equipment asset for the year in which they were installed. Following the adoption of PS3280, the Entity recognized an obligation relating to 3 underground tanks, which have been fully amortized at January 1, 2024. Each tank has an estimated useful life of 10 years.

Key assumptions in determining the liability at December 31, 2024 for tank removal are as follows:

- Timing of settlement - it is unknown when the tanks will be removed
- Undiscounted liability for tank removals - \$243,216
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of removal only

All assets, including their increased costs from asset retirement obligation, are depreciated using the straight-line amortization method.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

7. Asset Retirement Obligation (continued)

Changes to the asset retirement obligation in the year are as follows:

	Asbestos removal	Removal of underground fuel and oil storage tanks	Removal of leasehold improvements	Balance at December 31, 2024
2024				
Opening balance	\$ 671,960	\$ 225,000	\$ 4,178	\$ 901,138
Accretion expense	-	-	-	-
Change in estimate	(39,299)	18,216	(4,178)	(25,261)
Liability settled during period	(450)	-	-	(450)
Closing balance	\$ 632,211	\$ 243,216	\$ -	\$ 875,427

	Asbestos removal	Removal of underground fuel and oil storage tanks	Removal of leasehold improvements	Balance at December 31, 2023
2023				
Opening balance	\$ 704,036	\$ 225,000	\$ 2,677	\$ 931,713
Change in estimate	46,093	-	1,501	47,594
Liability settled during period	(78,169)	-	-	(78,169)
Closing balance	\$ 671,960	\$ 225,000	\$ 4,178	\$ 901,138

Draft

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

8. Tangible Capital Assets

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Land	\$ 2,524,816	\$ -	\$ -	\$ 2,524,816
Buildings and building improvements	59,716,166	9,037,502	163,063	68,590,605
Machinery and equipment	37,730,217	6,105,786	1,773,856	42,062,147
Vehicles	11,527	-	-	11,527
Water infrastructure	121,408,301	-	-	121,408,301
Computers	360,521	15,116	197,559	178,078
Assets under construction	8,486,923	812,802	8,034,744	1,264,981
Total	\$ 230,238,471	\$ 15,971,206	\$ 10,169,222	\$ 236,040,455

Accumulated Amortization	Balance at December 31, 2023	Amortization Expense	Amortization Disposal	Balance at December 31, 2024
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	27,526,171	2,747,161	123,204	30,150,128
Machinery and equipment	15,757,815	2,284,603	1,773,856	16,268,562
Vehicles	10,706	821	-	11,527
Water infrastructure	40,608,635	2,085,735	-	42,694,370
Computers	191,839	90,422	197,559	84,702
Assets under construction	-	-	-	-
Total	\$ 84,095,166	\$ 7,208,742	\$ 2,094,619	\$ 89,209,289

	Net Book Value December 31, 2023	Net Book Value December 31, 2024
Land	\$ 2,524,816	\$ 2,524,816
Buildings and building improvements	32,189,995	38,440,477
Machinery and equipment	21,972,402	25,793,585
Vehicles	821	-
Water infrastructure	80,799,666	78,713,931
Computers	168,682	93,376
Assets under construction	8,486,923	1,264,981
Total	\$ 146,143,305	\$ 146,831,166

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

8. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **\$1,264,981** (2023 - \$8,486,923) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(c) Write-down of Tangible Capital Assets

There were no write-downs in tangible capital assets during the year (2023 - \$nil).

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2024	2023
Surplus		
Invested in tangible capital assets	\$ 145,947,201	\$ 144,565,748
Reserve funds set aside for specific purpose by the Entity:		
Infrastructure renewal - water operations	54,989,469	49,461,527
	\$ 200,936,670	\$ 194,027,275

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

10. Financial Instruments and Risk Management

The Entity's activities expose it and its financial instruments to credit risk and liquidity risk.

(a) Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation.

The Entity is subject to credit risk with respect to loans and trade accounts receivable. The Entity manages credit risk by engaging with recognized, credit worthy third parties. The Entity has no significant concentration of credit risk with any one individual customer. There were no changes in exposures to credit risk during the year. The outstanding amounts related to financial instruments are presented in the tables below.

2024	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	\$674,326	\$ -	\$ -	\$ -	\$ -	\$ 674,326
Net receivable	\$674,326	\$ -	\$ -	\$ -	\$ -	\$ 674,326

2023	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	\$490,360	\$ -	\$ -	\$ -	\$ -	\$ 490,360
Net receivable	\$490,360	\$ -	\$ -	\$ -	\$ -	\$ 490,360

The net receivables total amount differs from the amount reported on the statement of financial position, for items excluded from financial instruments as per PS 3450, Financial Instruments, primarily receivables from government for goods and services tax recoveries, and property taxes.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

10. Financial Instruments and Risk Management (continued)

(a) Credit Risk (continued)

2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	\$ 76,955	\$318,312	\$510,528	\$271,027	\$ 1,176,822
Total	\$ 76,955	\$318,312	\$510,528	\$271,027	\$ 1,176,822

2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	\$167,710	\$309,919	\$497,067	\$445,770	\$ 1,420,466
Total	\$167,710	\$309,919	\$497,067	\$445,770	\$ 1,420,466

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

10. Financial Instruments and Risk Management (continued)

(b) Liquidity Risk

Liquidity risk is the risk the Entity will be unable to fulfill its obligations associated with its financial liabilities.

The Entity is exposed to liquidity risk with respect to accounts payable and accrued liabilities. The majority of accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities. There have been no significant changes in the exposure to risk or policies, procedures, or methods to measure risk. The outstanding amounts related to financial instruments at year-end are presented in the table below.

2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 3,035,585	\$ -	\$ -	\$ -	\$ 3,035,585
Total	\$ 3,035,585	\$ -	\$ -	\$ -	\$ 3,035,585

2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 5,540,339	\$ -	\$ -	\$ -	\$ 5,540,339
Total	\$ 5,540,339	\$ -	\$ -	\$ -	\$ 5,540,339

The accounts payable and accrued liabilities total amount differs from the amount reported on the statement of financial position, for items excluded from financial instruments as per PS 3450, Financial Instruments, primarily payables to government for goods and services tax, employment benefits, and insurance contracts.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

11. Revenue - Other Municipalities

In May 2023, the Entity entered into a Water Supply Agreement with Oneida Nation of the Thames (Oneida) to connect to the Lake Huron Primary Water Supply system for the purchase and supply of water. The finalizing of the agreement was contingent on the completion of a feasibility study pursuant to the funding agreement between Oneida and Indigenous Services Canada.

As at December 31, 2024, the transfer payments from Oneida represent the capital contribution relating to construction of the transmission pipeline. In subsequent years, when construction of the transmission pipeline is complete, and Oneida is successfully connected to the Lake Huron Primary Water Supply system, revenues received will be included in user charges.

Construction progress billings are issued as construction milestones are completed. Revenue received from Oneida on this project is recorded as a transfer payment.

12. Commitments

The Entity has \$3,285,769 (2023 - \$9,512,745) in outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2024.

These amounts represent uncompleted portions of contracts, as at December 31, 2024, on major projects. The majority of payments on these outstanding commitments will be made in the next three (3) to five (5) years.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements (continued)
Year ended December 31, 2024

13. Budget Data

Budget data presented in these financial statements are based upon the 2024 operating budget approved by the joint board of management. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
User charges	\$ 26,574,000
Municipal revenues - other	987,000
Total revenues	27,561,000
Expenses	
Personnel costs	1,371,915
Administrative expenses	55,300
Financial expenses - other	355,000
Financial expenses - interest and discount on long-term debt	34,478
Financial expenses - debt principal repayments	951,752
Financial expenses - transfers to reserves and reserve funds	11,592,914
Purchased services	1,656,060
Materials and supplies	11,184,710
Furniture and equipment	142,000
Other expenses	338,000
Recovered expenses	(121,129)
Total expenses	27,561,000
Net surplus as per approved budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	11,592,914
Debt principal repayments	951,752
Capital funding earned	961,173
Capital expenses not resulting in capital assets	(584,623)
Amortization	(7,208,742)
Reserve fund interest earned	1,457,000
Net PSAB budget surplus as per financial statements	\$ 7,169,474

Board of Management Report

Subject: 2025 State of the Infrastructure & Levels of Service

Overview:

- The state of the infrastructure is a high-level snapshot of the utility's asset management profiles of our various process areas and the year-over-year change.
- Levels of service represent the utility's actual service delivery performance compared to established targets.
- Changes in our asset management profiles and/or gaps identified in meeting a level of service could indicate an investment opportunity or a priority for further action.

Recommendation

That the Board of Management for the Lake Huron Water Supply System **RECEIVE** this report with regard to the 2025 State of the Infrastructure & Levels of Service for information.

Previous and Related Reports

June 6, 2024 2024 State of the Infrastructure & Levels of Service

Background

State of the infrastructure and levels of service are components of the Lake Huron Primary Water Supply System's asset management program. First reported in 2022, the state of the infrastructure report is a snapshot of the state of the utility's assets and the assets' success in delivering the service. This report is intended to keep the Board informed of the asset management profiles of the water system.

While conceived as an annual report, considering the number and type of assets the utility owns and their typical deterioration rates over time, significant changes to the year-over-year asset management profiles might not be realized. Further, major capital construction projects typically occur over multiple years (design & construction) which has the potential to limit annual measurable asset management profile gains, particularly when compared to actual capital expenditures for the reporting year.

State of the infrastructure and levels of service reporting are in alignment with and supports the guiding principles and key outcomes as established through our Asset Management Policy.

Discussion

The utility has over 6,400 individual and grouped assets documented and categorized across the water systems various process areas:

Treatment Process Areas	Facility Process Areas	Transmission Process Areas
Raw Water Handling	General Site, Building Services, Fleet & Security	Surge Control
Pre-Treatment	Primary Power	Primary Pipelines & Chambers
Filtration, Disinfection & High Lift Pumping	Digital Technology*	Secondary Pipelines & Chambers
Residuals Management		Primary Reservoir & Pumping Station
		Secondary Reservoir & Pumping Station

** Due to their unique nature, digital technology assets have been separated out from the other process area assets for the purposes of this state of the infrastructure reporting.*

For this reporting period 312 new assets have been commissioned into the utility's computerized maintenance management system and 44 have been removed from service. The utility's capital expenditures in 2024 were \$8.4 million in design and construction services.

The following asset management profiles are outlined in this report with the respective Asset Cards (by process area) attached as **Appendix A**:

- Asset Replacement Value
- Asset Condition
- Asset Performance
- Asset Risk

The overall assessment of the state of the infrastructure is a consideration of all these factors. A lower rating in any one factor does not necessarily denote the imminent failure of the asset or system, increasing risk due to poor operational practices, or ineffective investment strategies.

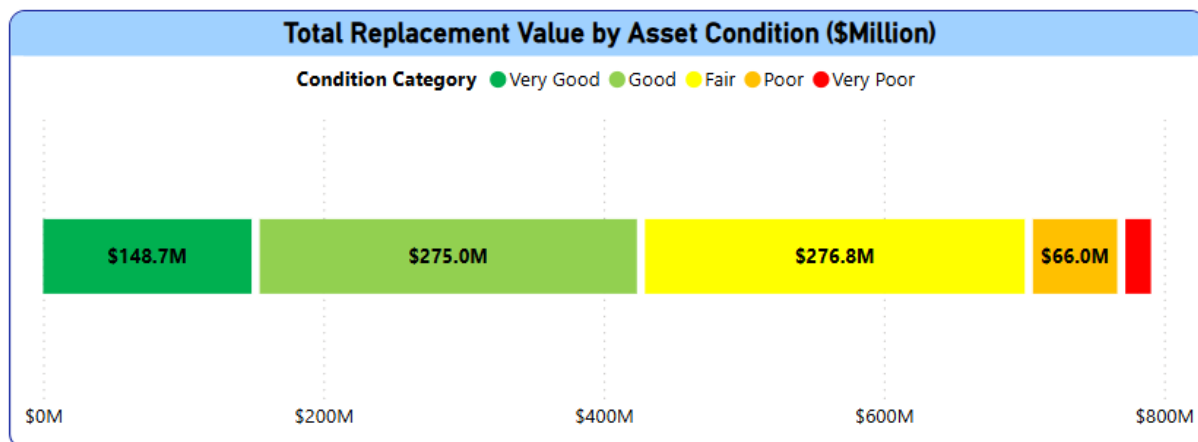
The information contained in this report represents the utility's asset management data up to the year-end 2024.

State of the Infrastructure

Asset Replacement Value

Across all process areas the utility has an estimated total asset replacement value of approximately \$790 million (in 2025 dollars) compared to \$737 million reported in the prior year report, an overall increase of approximately 7%.

Overall, the utility has a 2025 asset replacement value profile as follows:



This asset valuation represents the projected theoretical cost of like-for-like replacement of our water treatment and transmission assets.

Asset Condition

The condition of an asset is useful information related to whether the asset can deliver the required service, the state of repair of the asset, and its life expectancy.

In an ideal world all assets could have their condition assessed annually, however with over 6,400 individual and grouped assets, that is not practical. Further, as the utility's assets are managed day-to-day by a contracted operator with established preventative maintenance inspection protocols, annual condition assessments are not presently considered necessary.

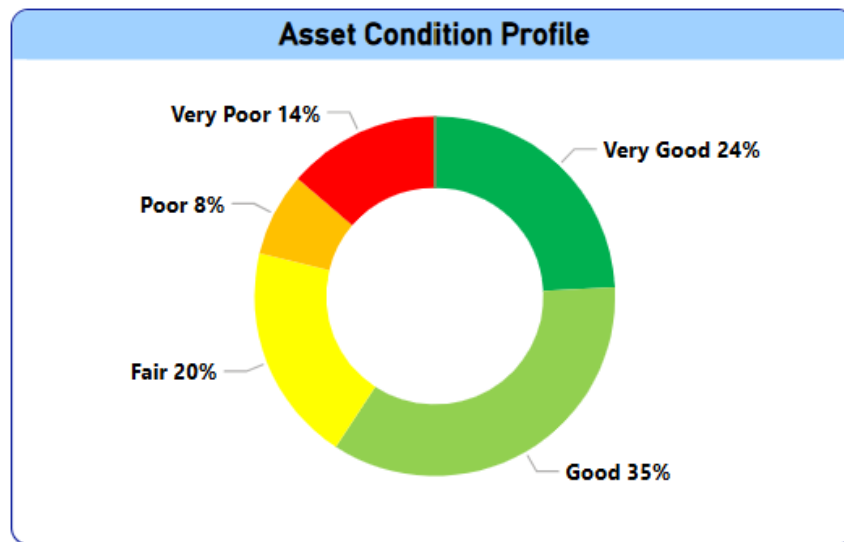
Consistent with prior years reporting, where assets have no current condition assessment information, age-based straight-line deterioration methodology continues to be utilized for determining asset condition. Straight-line deterioration is most useful when an asset's condition is assumed to deteriorate uniformly over time. It is important

to note that age-based asset condition assessment is an indicator of risk, and not the ability of the asset to function as intended.

Each asset has been assigned a condition score based on the following table from the utility's Asset Management Plan:

Rating	Condition	Description
1	Very Good	Like new/physically sound and performing as intended.
2	Good	Minor superficial deterioration.
3	Fair	Showing deterioration and wear.
4	Poor	Major portion of the asset is deficient, functions but has major problems.
5	Very Poor	Physically unsound, unreliable and has reached or exceeded useful life.

Overall, the utility's assets have an average condition score of 2.52, or **Fairly-Good**, an improvement of 6% (positive downward trend) over the prior year's state of the infrastructure report. The utility's 2025 asset condition profile is as follows:



	Very Good	Good	Fair	Poor	Very Poor	Overall Score	Trending
Asset Condition (Change Over Previous Year)	6%	-2%	1%	-2%	-2%	-6%	↓

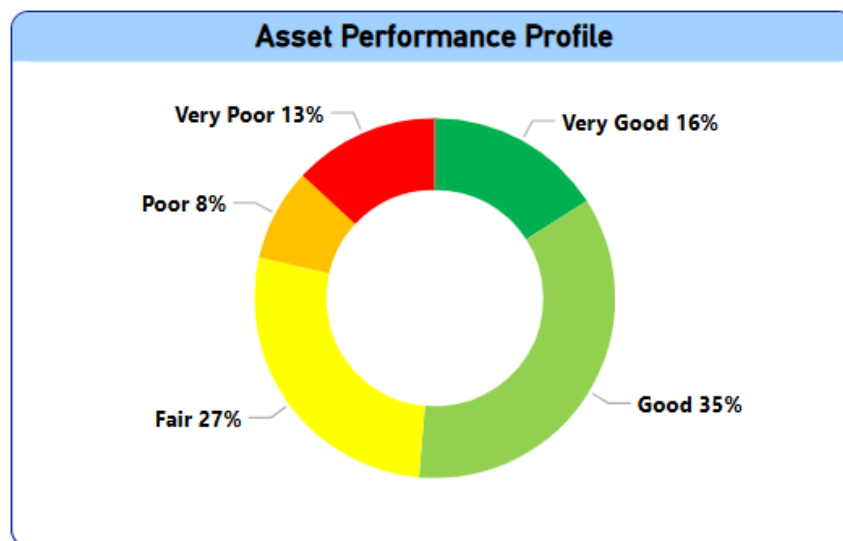
As our asset management program continues to advance and mature, asset condition data will be further refined as data limitations are addressed and data confidence increases. The Asset Management Plan recommends that updated visual condition assessments be performed for the utility's assets to further inform on their condition. Board staff will continue to seek opportunities, synergies, and priorities for completing such visual condition assessments and incorporating the updated condition data into our asset management program.


Asset Performance

Asset performance is a measure of how well an asset meets its desired operational function, and is assessed independently of other factors (e.g., age and condition). The contracted operator, the Ontario Clean Water Agency (OCWA), using their corporate & collective knowledge, experience, and history with the utility, monitor and report on the performance of the utility's assets.

In 2024, based on a recommendation from the utility's Asset Management Plan, OCWA has made efforts to develop a performance rating methodology in parallel to the condition rating scale which uses ratings from 1 (Very Good) to 5 (Very Poor).

Collectively the utility's assets have an average performance rating of 2.67 or **Fairly-Good**. The utility's 2025 asset performance profile is as follows:



	Overall Score	Trending
Performance Score (Change Over Previous Year)	11%	

While this annual performance score represents an increase of 11% (negative upward trend) over the asset performance measured for the prior year report, overall asset performance remains high with over three-quarters of the assets performing Fair or better.

Another indicator of the performance of the utility’s assets is the amount of unplanned operation & maintenance intervention required by the contracted operator to maintain asset service delivery. In 2024 OCWA reported 380 corrective action work orders, a decrease of 60% (positive downward trend) from the prior year report.

Note that digital technology asset performance has not been quantified; presently under our asset management program, by their nature, digital technology assets are either performing or not performing.

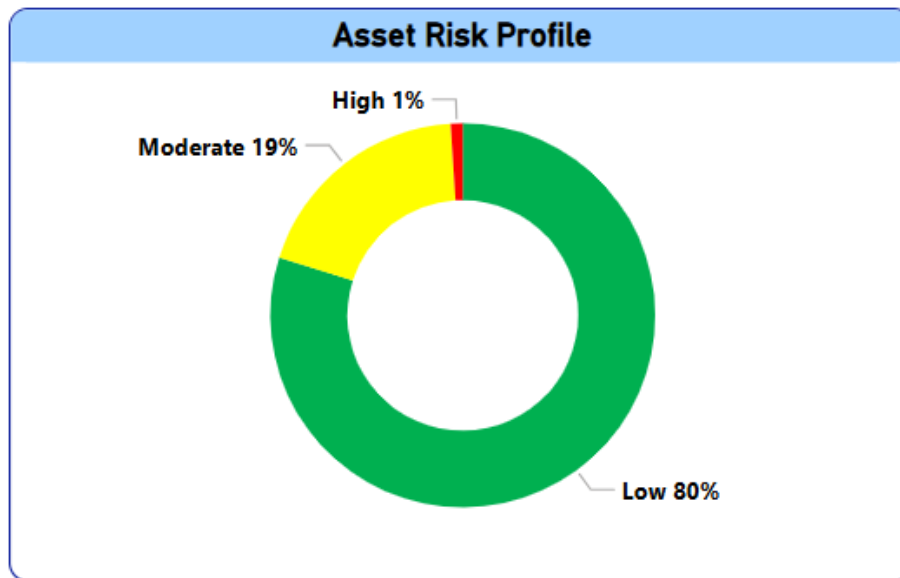
Asset Risk


Risk in the context of our asset management program represents the risk of an asset failing to deliver its desired level of service and is a factor in the likelihood of asset failure and the resulting consequence. Likelihood considers asset condition, performance, and climate change impacts, where consequence considers the severity of the impact and the importance of the asset. By separating condition and performance as two distinct factors, there is an opportunity to consider assets in poor condition that may still be performing well, as well as assets in good condition that may not be reliable.

Assets can have a maximum risk score of twenty-five (25) and are split into three risk zones:

- High Risk (risk scores greater than 16)
- Moderate Risk (risk scores of 9 to 16)
- Low Risk (risk scores less than 9)

Collectively the utility’s assets have an average risk score of 7.2 or **Low Risk**, noting that this is a slight increase of 1% (negative upward trend) over the prior year reporting. The utility’s 2025 asset risk profile is as follows:



	Very Good	Good	Fair	Poor	Very Poor	Overall	Trending
Average Risk Score	5.1	6.6	8.3	8.9	9.7	7.2	
Change Over Previous Year	-1%	7%	3%	6%	2%	1%	

While the utility's collective average risk score did increase slightly, the utility's asset risk scores across the condition categories remained low overall. There are 1,012 assets within the moderate risk zone (average risk score of 11.5) and only 53 in the high-risk zone (average risk score of 17.4). Digital technology assets have an average risk score of 11.7.

Levels of Service

The utility's level of service framework has established measures and targets across three parameters that reflect the objectives that the utility strives to achieve:

- Quality
- Availability/Reliability
- Environmental Acceptability

Each parameter has a defined set of Customer and Technical levels of service and their respective target metric. A Customer level of service is defined as what service the customer receives while a Technical level of service is defined as what service the utility

delivers. Across the three levels of service framework parameters the utility has established thirteen (13) customers and thirty-two (32) technical levels of service.

The purpose of setting targets for level of service is to clearly define the objectives of the utility in the provision of treated drinking water to the benefiting municipalities. Levels of service are the service performance targets for the utility and are used in the utility's decision-making process for operational activities and asset investments. These targets are measured regularly, where any gaps identified in meeting a level of service could become a priority for action.

Since the 2022 endorsement of both the level of service framework and the Asset Management Plan, Board staff have developed a level of service monitoring program that actively tracks and reports on seventeen (17) of the established technical level of service. Data on the 'outstanding' technical level of service metrics is presently being collected through various means, the data simply has not been formally rolled-up into our level of service monitoring and reporting program to date.

The Lake Huron Primary Water Supply System customer and technical levels of service framework and results reporting is attached to this report as **Appendix B**.

It is important to note that data collected and reported for the purposes of this level of service monitoring program is solely related to the utility's asset management program. The level of service data is not intended for or representative of any legislated, compliance, or regulatory reporting.

Conclusion

This state of the infrastructure report provides the utility's updated asset profiles for asset replacement value, condition, performance, and risk. It represents improved data accuracy through ongoing data reconciliation, implementing findings from condition assessments, and updated asset costing. We continue to operationalize our levels of service framework and monitoring program.

Overall, Board staff are content with the state of the utility's assets, our asset management profiles, and our ability to meet our level of service objectives.

Board staff are continuously working to improve the quality of and confidence in our asset data. We will continue to utilize data from our asset management program, including the updated asset profiles and supporting data, to inform planning of future investment and operation and maintenance initiatives, with an eye to improving asset condition & performance, reducing asset risk, maximizing asset useful life, and maintaining the utility's levels of service.

Prepared by: Ryan Armstrong, C.E.T.
Asset Management Coordinator

Submitted by: Billy Haklander, P.Eng., LL.M
Senior Manager, Capital Programs

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

Attachments: Appendix A – Process Area Asset Cards
Appendix B – Level of Service Framework & Results

Appendix A – Process Area Asset Cards

- 2025 State of the Infrastructure Asset Card
- 2025 State of the Infrastructure **Treatment** Process Areas
 - Raw Water Handling
 - Pre-Treatment
 - Filtration, Disinfection, and High Lift Pumping
 - Residuals Management
- 2025 State of the Infrastructure **Facility** Process Areas
 - General Site, Building Services, Fleet, and Security
 - Primary Power
- 2025 State of the Infrastructure **Transmission** Process Areas
 - Surge Control
 - Primary Pipelines and Chambers
 - Primary Reservoirs and Pumping Stations
 - Secondary Pipelines and Chambers
 - Secondary Reservoirs and Pumping Stations
- 2025 State of the Infrastructure **Digital Technology** Process Areas



Lake Huron
Primary Water Supply System

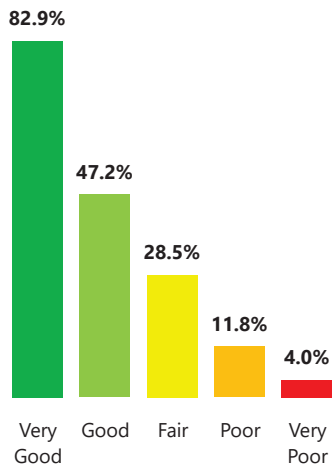
5269

Asset Count

\$777.2M

Total Replacement Value (\$2025)

Remaining Useful Life



2025 State of the Infrastructure Asset Card

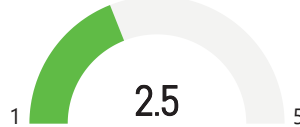
Treatment & Transmission Assets | Excluding Digital Technology Assets | Asset Data as of December 31, 2024 | E&OE

Total Replacement Value by Asset Condition

Condition Category ● Very Good ● Good ● Fair ● Poor ● Very Poor



Overall System Asset Condition



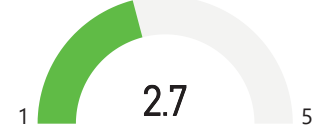
312

2024 Installed Assets

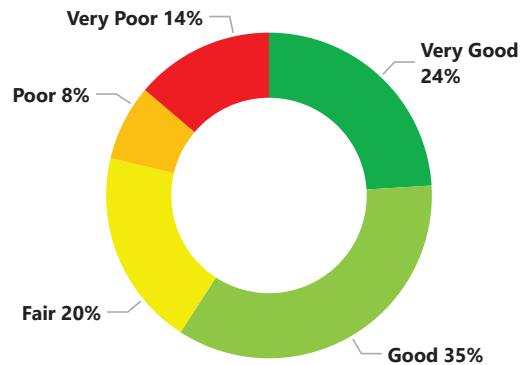
\$8.40M

2024 Capital Expenditure

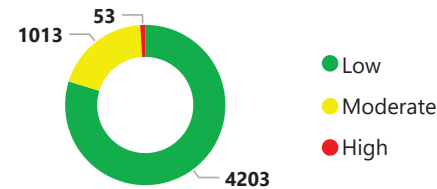
Overall System Asset Performance



Asset Condition Profile



Asset Risk Profile



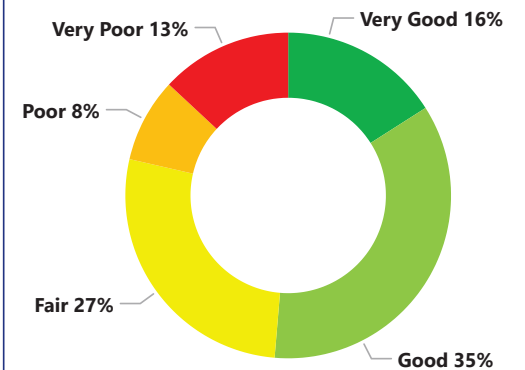
7.2

Average Risk Score

380

Corrective Action Work Orders

Asset Performance Profile





Lake Huron
Primary Water Supply System

1633

Asset Count

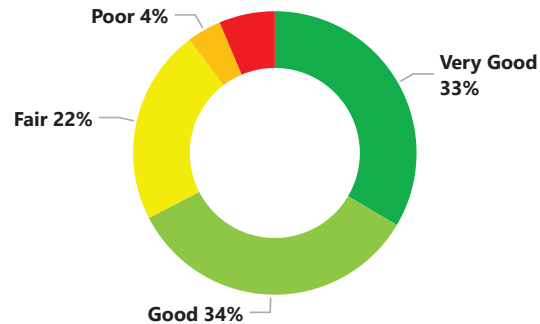
\$324.0M

Total Replacement Value (\$2025)

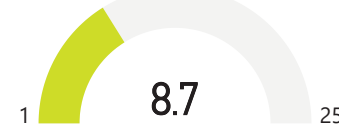
2025 SOTI Treatment Process Areas

Asset Data as of December 31, 2024 | E&OE

Asset Condition Profile



Asset Risk Score



Asset Performance Score



Process Area

- Raw Water Handling
- Pre-Treatment
- Filtration, Disinfection, and HLP
- Residuals Management
- General Site, Building Services, Fleet, and Security
- Primary Power
- Surge Control
- Primary - Pipelines and Chambers
- Primary - Reservoir and Pumping Station
- Secondary - Pipelines and Chambers
- Secondary - Reservoir and Pumping Station

Top 10 Asset Class' by Replacement Value

Asset Class	Asset Count	Total Replacement Value (\$2025)
BUILDING	76	\$145,069,661
TANK	46	\$80,027,744
FILTER	14	\$25,887,678
PUMP	93	\$13,694,776
PANEL	413	\$9,082,617
VALVE	365	\$6,610,900
PIPING	17	\$5,429,641
MOTOR	93	\$5,165,164
CONDUIT	2	\$4,255,744
MCC	21	\$4,024,870

2.2

Average Condition
Score

154

Corrective Action
Work Orders

13

2024 Installed Assets

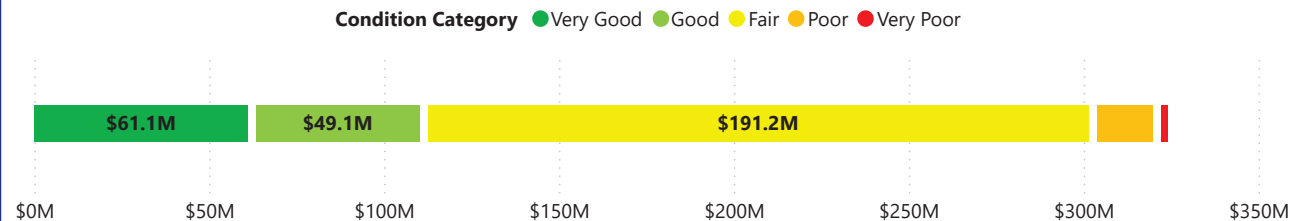
\$1.17M

2024 Capital Expenditure

\$631K

Intervention Reinvestment
Forecast (\$/year 2026-2030)

Total Replacement Value by Asset Condition





Lake Huron
Primary Water Supply System

1351

Asset Count

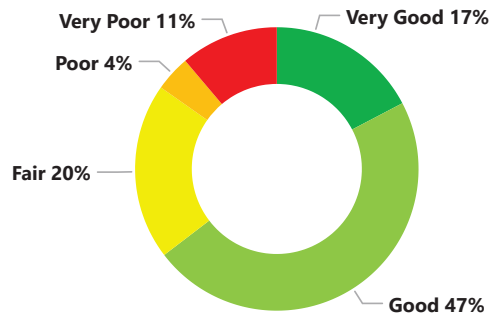
\$61.2M

Total Replacement Value (\$2025)

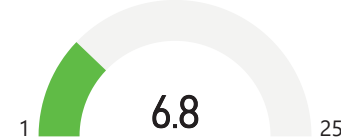
2025 SOTI Facility Process Areas

Asset Data as of December 31, 2024 | E&OE

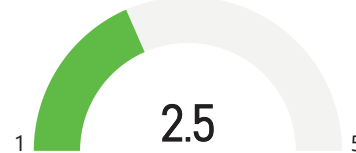
Asset Condition Profile



Asset Risk Score



Asset Performance Score



Process Area

- Raw Water Handling
- Pre-Treatment
- Filtration, Disinfection, and HLP
- Residuals Management
- General Site, Building Services, Fleet, and Security
- Primary Power
- Surge Control
- Primary - Pipelines and Chambers
- Primary - Reservoir and Pumping Station
- Secondary - Pipelines and Chambers
- Secondary - Reservoir and Pumping Station

Top 10 Asset Class' by Replacement Value

Asset Class	Asset Count	Total Replacement Value (\$2025)
BUILDING	29	\$24,666,804
PANEL	77	\$5,423,467
GENERATOR	12	\$4,542,666
ENGINE	5	\$4,507,897
AHU	13	\$3,332,423
SITE	5	\$2,565,631
AC	43	\$2,166,008
LIFTING	59	\$2,051,541
TRANSFORMER	12	\$1,846,993
METER	44	\$888,761

2.4

Average Condition
Score

74

Corrective Action
Work Orders

25

2024 Installed Assets

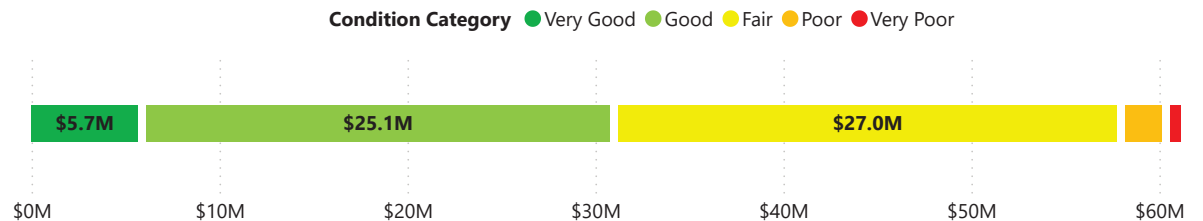
\$352K

2024 Capital Expenditure

\$467K

Intervention Reinvestment
Forecast (\$/year 2026-2030)

Total Replacement Value by Asset Condition





Lake Huron
Primary Water Supply System

2285

Asset Count

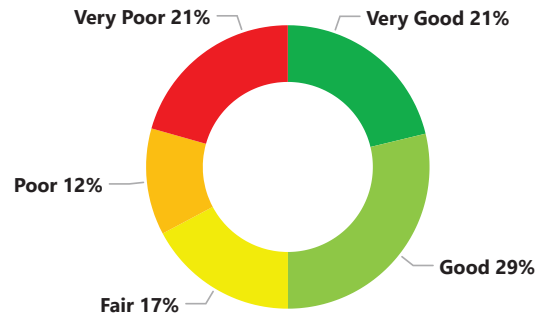
\$392.0M

Total Replacement Value (\$2025)

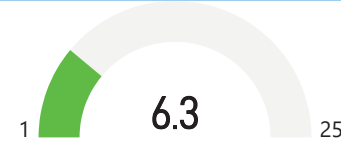
2025 SOTI Transmission Process Areas

Asset Data as of December 31, 2024 | E&OE

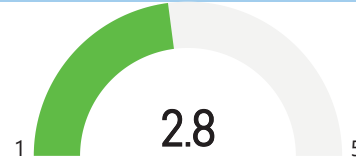
Asset Condition Profile



Asset Risk Score



Asset Performance Score



Process Area

- Raw Water Handling
- Pre-Treatment
- Filtration, Disinfection, and HLP
- Residuals Management
- General Site, Building Services, Fleet, and Security
- Primary Power
- Surge Control
- Primary - Pipelines and Chambers
- Primary - Reservoir and Pumping Station
- Secondary - Pipelines and Chambers
- Secondary - Reservoir and Pumping Station

Top 10 Asset Class' by Replacement Value

Asset Class	Asset Count	Total Replacement Value (\$2025)
PIPING	36	\$251,729,810
TANK	29	\$76,059,072
BUILDING	63	\$20,861,255
CHAMBER	303	\$18,081,584
VALVE	920	\$8,530,953
PANEL	243	\$2,835,029
PUMP	58	\$2,617,356
MCC	9	\$1,416,606
MOTOR	38	\$1,326,734
TRANSFORMER	14	\$1,224,874

2.8

Average Condition
Score

152

Corrective Action
Work Orders

274

2024 Installed Assets

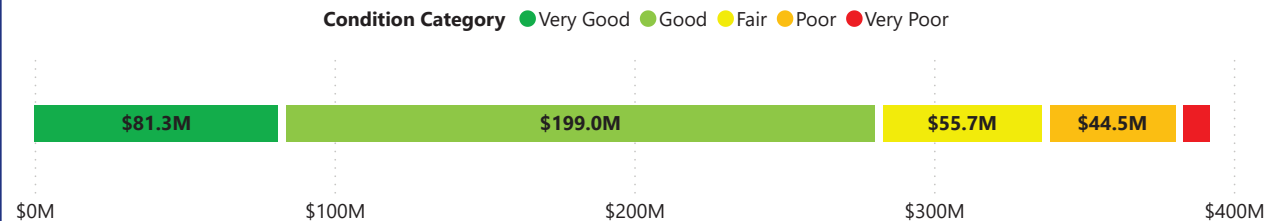
\$5.88M

2024 Capital Expenditure

\$226K

Intervention Reinvestment
Forecast (\$/year 2026-2030)

Total Replacement Value by Asset Condition





Lake Huron
Primary Water Supply System

1188

Asset Count

\$13.4M

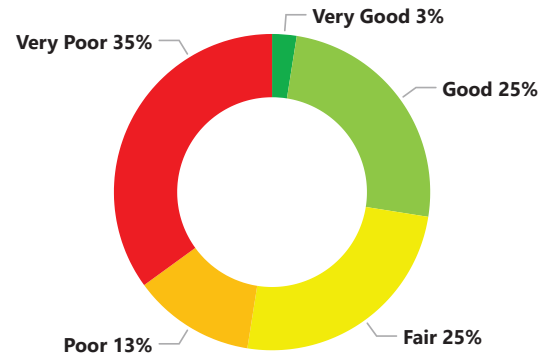
Total Replacement Value (\$2025)

Asset Risk Score

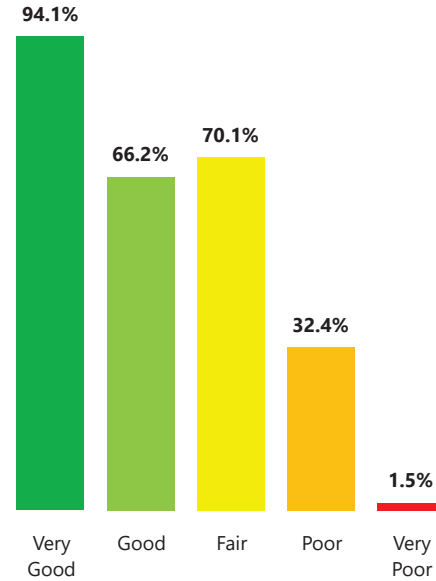
11.7

1

Asset Condition Profile



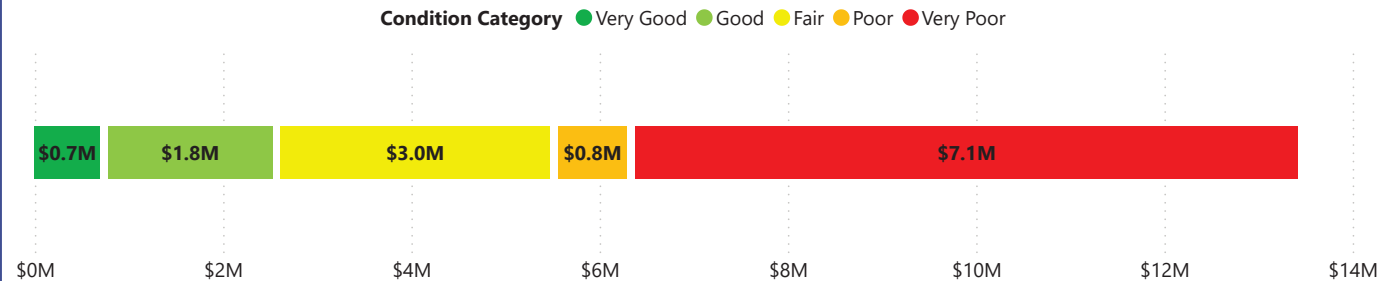
Remaining Useful Life



3.5

Average Condition Score

Total Replacement Value by Asset Condition



Process Area

Digital Technology

\$133K

2024 Capital Expenditure

\$141K

Intervention Reinvestment Forecast (\$/year
2026-2030)

Appendix B – Level of Service Framework & Results

Data collected and reported for the purposes of this level of service monitoring program is solely related to the utility's asset management program. The level of service data is not intended for or representative of any legislated, compliance, or other regulatory reporting.

Quality

Objective	Customer Level of Service	Technical Level of Service	Target	2023	2024	LOS Target Achieved?	Notation
Provide drinking water quality that meets or is superior to regulatory requirements	Meet target of no adverse water quality incidents	# of adverse water quality incidents	0	2	0	Y	
	Satisfy MECP regulatory compliance requirements	# of non-compliances identified in MECP inspection reports	0	1	0	Y	
		MECP Inspection score	100%	99%	100%	Y	
	Satisfy Superior Water Performance Criteria	# of superior water performance criteria met (Schedule B)	9 of 9	5 of 9 (96.8%)	8 of 9 (99%)	N	Missed parameter for geosmin (July-September). Overall assets delivered on 99% of the superior water performance criteria metrics.

Availability / Reliability

Objective	Customer Level of Service	Technical Level of Service	Target	2023	2024	LOS Target Achieved?	Notation
Water Production is Resilient	Assets operate with % reserve capacity	Peak hour production < rated capacity + emergency strategic allowance by %	Less Than 100%	54.7%	58.6%	Y	Annual Average Max. Day vs. 85% DWL Target
				68.7%	68.8%	Y	Annual Maximum Max. Day vs. 85% DWL Target

Environmental Acceptability

Objective	Customer Level of Service	Technical Level of Service	Target	2023	2024	LOS Target Achieved?	Notation
Minimize water system impacts on the environment	Environmental sustainability best practices	Energy intensity (ekWh/m3)	= < baseline (TBD)	0.667	0.628	Positive Downward Trend	Used less energy resources for WTP operations compared to 2023. Ongoing data collection for LOS baseline

Objective	Customer Level of Service	Technical Level of Service	Target	2023	2024	LOS Target Achieved?	Notation
		Energy efficiency (kWh/m ³)	= < baseline (TBD)	0.621	0.593	Positive Downward Trend	Used less hydro to treat more water compared to 2023. Ongoing data collection for LOS baseline
		Total GHG emissions (Energy Use Only)	= < baseline (TBD)	3.275M	3.172M	Positive Downward Trend	Produced less GHG to treat more water compared to 2023. Ongoing data collection for LOS baseline Expressed in equivalent litres of gasoline burned
		Backup generator use (planned vs. unplanned)	100%	93.1%	50.2%	Negative Downward Trend	Increased reliance on back-up power sources resulting from power outages beyond control of utility.
		Chemical efficiency (kg chemicals/m ³ treated)	= < baseline (TBD)	0.037	0.035	Positive Downward Trend	Consumed less chemical to treat more water than 2023. Ongoing data collection for LOS baseline
		% Non-Revenue Water Loss (treated water leaving plant vs. water billed)	5% or less	2.8%	2.3%	Y	Positive downward trend, less revenue water unaccounted for compared to 2023.

Objective	Customer Level of Service	Technical Level of Service	Target	2023	2024	LOS Target Achieved?	Notation
		% Process Water Loss (compare treated water leaving plant with raw water coming into plant)	5% or less	2.4%	2.1%	Y	Positive downward trend, less process water lost through the treatment process compared to 2023.
	Meet other regulatory compliance requirements	TSS Discharge (meet allowable)	100%	92%	100%	Y	Annual average of 4.3mg/l in plant discharge (limit = 25mg/l)
		# of reportable spills to Spills Action Centre	0	0	0	Y	
		Solids landfilled from Residuals Management Facility (kg solids landfilled/ML)	= < baseline (TBD)	72	77	Negative Upward Trend	RMF processed more solids removed from treated water compared to 2023. Ongoing data collection for LOS baseline

Objective	Customer Level of Service	Technical Level of Service	Target	2023	2024	LOS Target Achieved?	Notation
		# of non-compliance in permit to take water reports	0	0	0	Y	Annual maximum day was 44% of PTTW allowable taking.

Board of Management Report

Subject: Electronic Signatures Policy

Overview:

- In Ontario, electronic signatures are legally binding under the *Electronic Commerce Act, 2000*. For an electronic signature to be legally binding, there must be a clear intention by the parties to be bound, and consent to use electronic signature must be expressed or implied.
- The proposed Electronic Signatures Policy clearly outlines the water system's intention and recognition to be legally bound when using electronic signatures and provides the framework for when and how electronic signatures are used.
- A corresponding procedure is being developed, to be implemented by Board staff as outlined in the proposed policy, which will be used internally to facilitate the security and use of electronic signatures when conducting business and the affairs of the regional water system.

Recommendation

That, on the recommendation of the Chief Administrative Officer, the Board of Management for the Lake Huron Water Supply System take the following actions with regard to the adoption of an Electronic Signatures Policy:

- a) The proposed by-law, being a by-law for the adoption of the Electronic Signatures Policy for the Lake Huron Primary Water Supply System, as attached to this report, **BE INTRODUCED** at the June 5, 2025, meeting of the Board of Management; and
- b) This report and proposed Electronic Signatures Policy **BE RECEIVED** for information.

Previous and Related Reports

None

Background

While the use of electronic signatures when conducting the business of the water supply system has been intermittent and largely confined to forms and records of the utility, the formal adoption of an Electronic Signatures Policy provides a legally binding framework for the Board whereby the use of electronic signatures can be utilized in lieu of traditional signatures ("wet signatures").

Discussion

The intent of the proposed Electronic Signatures Policy is to formalize and recognize the legally binding use of electronic signatures and establish a framework for the security of related documents.

Electronic signatures are legally binding under the *Electronic Commerce Act, 2000*, which provides the statutory framework for the use of electronic signatures and establishes their legal equivalency to traditional signatures (often referred to as “wet signatures”). Electronic signatures are generally accepted for various business and commercial transactions, including various forms and records established by the government of Ontario and utilized by the regional water system as required by regulation.

For an electronic signature to be legally binding, there must be a clear intention by the parties to be bound, and consent to the use of electronic signatures must be expressed or implied. The proposed Electronic Signatures Policy clearly demonstrates the intent of the Board and the water supply system to be legally bound by electronic signatures, the same as traditional signatures.

The proposed policy allows for various documents to be signed by electronic means, including but not limited to:

- Contracts and agreements
- Official records and documents of the Board and regional water system
- Internal administrative forms and records

As outlined in the proposed Electronic Signatures Policy, no person is compelled or is required to transact with the regional water system using electronic signatures and may request that traditional signatures (“wet signatures”) be used.

In accordance with the Electronic Commerce Act, 2000, electronic signatures may not be used for such documents as negotiable financial instruments, prescribed documents (e.g., certain bylaws), and documents of title.

Anticipated Operating and Service Impacts

Given the geographic size of the regional water system, the collection of traditional signatures has often taken several days and, in some cases, several weeks to complete the execution of documents. The formal adoption and acceptance of electronic signatures allows for documents and forms to be completed and signed expeditiously.

With the adoption of the proposed Electronic Signatures Policy, Board staff will develop and implement a Security Procedure which will specify the manner and technology to be used and ensure that documents that are electronically signed are stored and retain in a

manner that ensures the validity, reliability and accuracy of electronically signed documents.

Conclusion

While the Electronic Commerce Act, 2000 formally recognizes the legal validity of electronically signed documents, the proposed Electronic Signatures Policy establishes the Board's intent to be legally bound and outlines the manner in which electronic signatures may be used for the business of the regional water system.

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

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

Attachment: Electronic Signatures Policy

Electronic Signatures Policy

Approved: 5 June 2025

Revised: N/A

Legislative History: Adopted June 5, 2025, by by-law #2025-01

Last Reviewed Date: 24 April 2025

Policy Lead: Director, Regional Water

1. Purpose

- 1.1. The Lake Huron Primary Water Supply System (“LHPWSS”) is committed to adopting a consistent and appropriate approach to the use of electronic signatures with the aim of ensuring document reliability, expediting workflow processes, reducing recordkeeping requirements, and improving customer service.
- 1.2. The purpose of this Electronic Signatures Policy (“Policy”) is to ensure consistent, authorized, and lawful use of electronic signatures by:
 - a. Identifying the requirements for the receipt and creation of legally reliable electronic documents;
 - b. Identifying the requirement for the use of electronic signatures; and
 - c. Providing guidance on when electronic signatures are considered official and acceptable by the Lake Huron Primary Water Supply System.

2. Applicability

- 2.1. This Policy applies to appointed members of the Board of Management and all staff of the Regional Water division of the Corporation of the City of London which are seconded and report to the Board of Management for the Lake Huron Primary Water Supply System, as well as all assignment employees, temporary help, agency employees who are assigned to perform work for the Lake Huron Primary Water Supply System.
- 2.2. The Electronic Signatures Policy of the Lake Huron Primary Water Supply System may also apply to other employees of the Corporation of the City of London performing services at the request of, under the direction of, or on behalf of the Board of Management for the Lake Huron Primary Water Supply System.

3. Definitions

3.1. The following definitions apply to the Electronic Signatures Policy:

“Board of Management” means the Board of Management for the Lake Huron Primary Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997*, and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000.

“Chief Administrative Officer” and **“CAO”** means the person appointed as the Chief Administrative Officer in accordance with the Appointment of the Chief Administrative Officer Bylaw.

“Digital Signature” means a form of electronic signature that is fully or partially reinforced through cryptography to ensure the identity of the signer as well as the integrity and authenticity of a record.

“Director” means the Director, Regional Water of the Regional Water division of the City of London seconded to Huron for the purpose of administration, management, and oversight of LHPWSS.

“Document Reliability” means the extent to which the reader can be objectively certain of the identity of signers and of the integrity and authenticity of the document.

“Electronic” means created, recorded, transmitted, or stored in digital form or in other intangible forms by electronic, magnetic, or optical means, or by any other means that have capabilities for creation, recording, transmission, or storage similar to those means, and “electronically” has a corresponding meaning.

“Electronic Record” means a record of information that is created, generated, sent, communicated, received, or stored electronically. Electronic records include electronic documents.

“Electronic Signatures” means any electronic artefact that fulfils the function of a signature in the electronic medium. Electronic signatures may include, but are not limited to, digital signatures, name entries (online forms), email signature blocks or headers, click-through agreements, voice recordings, and combinations of a username and personal identification number (PIN).

“Electronic Submission” means an electronic document submitted through electronic means including, but not limited to, emails, web forms, facsimiles, and external devices (e.g. USB flash drives).

“Employees” means all staff of the Regional Water division of the Corporation of the City of London which are seconded and report to the Board of Management for the Lake Huron Primary Water Supply System.

“Lake Huron Primary Water Supply System” and **“LHPWSS”** means the Lake Huron Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997*, and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000, and includes the staff of the Regional Water division of the City of London seconded to LHPWSS for the purpose of administration, management, and oversight of LHPWSS.

“Record” means information, however it may be recorded or stored, and irrespective of the medium or form, by electronic means or otherwise, that includes, but is not limited to, documents, financial statements, minutes, accounts, emails, correspondence, memoranda, plans, maps, drawings, photographs, databases, and films.

“Signature” means a traceable, exclusively personal mark left by a person on a record.

“Transaction” means an action or set of actions occurring between two (2) or more persons relating to the conduct of business, commercial, or governmental affairs.

4. Policy

4.1. Use of Electronic Signatures

4.1.1. To the fullest extent permitted by law, the LHPWSS accepts electronically signed documents as legally binding and having the same legal value and validity as paper documents with handwritten signatures (wet signatures). To that end, a legal requirement that a document be signed is satisfied by a digital signature. Where there is no legal requirement that a document be signed, an electronic signature may be accepted instead of a digital signature.

4.1.2. Notwithstanding the generality of 4.1.1, electronic signatures, including digital signatures, may not be used on a Record or form used explicitly for a process or procedure of the Corporation of the City of London, where the Corporation of the City of London does not allow for the use of electronic signatures, and where the process or procedure is used for undertaking an action or activity on behalf of the LHPWSS (e.g., accounts payable).

4.1.3. This Policy does not limit the LHPWSS’s right or option to conduct a transaction on paper or in non-electronic form, nor affect the LHPWSS’s right or obligation to have documents provided or made available in paper format when required by statute or regulation.

4.2. Internal Documents and Transactions

4.2.1. Subject to the restrictive provisions in this Policy, all internal documents of the LHPWSS including, but not limited to, official documents, requests,

approvals, written communications, electronic submissions, and transactions shall be created, authorized, approved, or signed using electronic documents and signatures.

4.3. External Documents and Transactions

4.3.1. All Employees shall accept the electronic submission of documents or transactions bearing an electronic signature if it is deemed to be in compliance with this Policy.

4.4. Documents Excluded

4.4.1. The following documents shall not be signed, in any circumstances, using electronic signatures:

- a. Documents as outlined in 4.1.2;
- b. Negotiable instruments (e.g., cheques, promissory notes, etc.)
- c. Documents that are prescribed or belong to a prescribed class; and
- d. Documents of title;

4.5. General Consent

4.5.1. No person shall be compelled or required to transact with the LHPWSS using electronic signatures without their consent. If a handwritten signature (wet signature) is requested, the LHPWSS shall consent.

4.5.2. Notwithstanding 4.5.1, depending on the legal status of the transacting party, the consent required to allow the use of electronic signatures can be implicit or explicit.

4.6. Consent of Public Bodies

4.6.1. Public bodies' consent to the use of electronic signatures shall be explicit, which means the consent shall be given only by an explicit written communication stating the public body's consent to use electronic signatures for the matter or purpose in question. The explicit written communication shall be kept with the electronically signed documents as proof of consent.

4.7. Consent of Private Bodies or Other Persons

4.7.1. The consent of private bodies or other persons to the use of electronic signatures can be implied, which means that the consent does not have to be strictly expressed through an explicit communication. Rather, the consent can also be inferred from a person's conduct if there are reasonable

grounds to believe that the consent is genuine and is relevant to the information or document.

4.8. Signing Officers

- 4.8.1. The use of electronic signatures shall comply with any LHPWSS By-law appointing Signing Officers, By-law or resolution of the LHPWSS Board of Management governing the execution of documents on behalf of the LHPWSS and its Board of Management.

4.9. Reliability Requirements

- 4.9.1. Electronic Submissions or transactions bearing electronic signatures shall be reliable. The reliability requirement is satisfied only if, considering all the circumstances, including any relevant agreements, the purpose for which the document is created and the time the electronic signature is made:
 - a. The electronic signature is reliable for the purpose of identifying the person as well as ensuring the integrity and authenticity of the document; and
 - b. The association of the electronic signature with the relevant electronic document is reliable.
- 4.9.2. An electronic signature shall also be attributable (or traceable) to a person who has the intent and authority to sign the record with the use of adequate security and authentication measures that are contained in the method of capturing the electronic submission or transaction (e.g. use of a personal identification number (PIN) or unique login username and password).
- 4.9.3. No persons, through the transmission of an electronic submission or transaction bearing an electronic signature, shall represent themselves in a way that is false or misleading. Where an employee believes that a misrepresentation has occurred, the electronic submission or transaction shall not be processed, and the Director shall be notified.
- 4.9.4. The LHPWSS shall adopt security procedures for electronic signatures that are practical, secure, and balance risk and cost. Furthermore, electronic signatures shall be implemented on a case-by-case basis using various security procedures depending on the risks associated with the electronic submission or transaction.
- 4.9.5. All security procedures shall be determined and approved by the Director.

4.10. Record Retention

- 4.10.1. Electronic records shall be created, managed, and retained in accordance with the LHPWSS's Record Retention By-law and Policy.

- 4.10.2. An electronically signed record constitutes the original copy of the said record and shall be maintained, accessible, and reproducible in an accurate format, even if there are paper printouts of the same record.
- 4.10.3. The accurate format for all types of records shall be determined and approved by the Director in accordance with the LHPWSS's Record Retention By-law and Policy.

4.11. Derogation

- 4.11.1. Any derogation from this Policy shall be prepared by the Director and approved by the Chief Administrative Officer.

5. Responsibilities

5.1. Responsibilities of Employees

- 5.1.1. All employees shall:
 - a. Comply with this Policy; and
 - b. Notify the Director, or the CAO in the case of the Director, if he/she/they deem that an employee is using electronic signatures in a manner that is fraudulent or contrary to the security procedures in place.

5.2. Responsibilities of Director and Managers

- 5.2.1. The Director and Managers shall:
 - a. Collaboratively work to implement electronic signatures and determine security procedures; and,
 - b. Ensure that employees under their supervision comply with this Policy.
- 5.2.2. The Director shall:
 - a. Implement, administer and update this Policy;
 - b. Monitor and report on the implementation of this Policy; and
 - c. Notify the CAO if he/she/they deem that an employee is using electronic signatures in a manner that is fraudulent or contrary to the security procedures in place.

6. Legislative Authority

- 6.1. Section 11 of the *Electronic Commerce Act, 2000*, allows the use of electronic signatures, subject to prescribed requirements.

7. References

7.1. *Electronic Commerce Act, 2000*, S.O. 2000, Chapter 17

7.2. *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, Chapter M.56

8. Enforcement

If any person has any questions regarding this Policy or any questions about the use and retention of electronic signatures that are not addressed in this Policy, they may contact the Director of Regional Water.

9. Changes

This Policy may be amended in whole or in part or eliminated in its entirety at any time at the sole discretion of the LHPWSS, provided that any change or elimination complies with applicable legislation.

Board of Management Report

Subject: LH1408 Oneida Nation of the Thames Water Transmission Pipeline – Project Update

Overview:

- The detailed design of the Lake Huron Primary Water Supply System transmission connection to Oneida Nation of the Thames by the Board's engineering consultant, Stantec Consulting Ltd., has progressed and tendering is planned for late spring 2025.
- The construction cost estimate for the off-settlement project, consisting of the Lake Huron Primary Water Supply System transmission pipeline, has been updated to \$32.6 million.

Recommendation

That the Board of Management for the Lake Huron Primary Water Supply System (LHPWSS) take the following actions with regard to the Oneida Nation of the Thames Water Transmission Pipeline project (LH1408):

- a) That the Board of Management for the Lake Huron Water Supply System **APPROVE** a budget increase of \$10.3 million, for a total approved budget of \$35.5 million; it being noted that incurred costs are recovered from Oneida Nation of the Thames in accordance with the associated Water Supply Agreement; and
- b) That the Board of Management **RECEIVE** this report for information.

Previous and Related Reports

March 3, 2022	Oneida Nation of the Thames Water Supply
June 2, 2022	Oneida Nation of the Thames Water Supply Agreement
June 2, 2022	Oneida Nation of the Thames Transmission Pipeline Class Environmental Assessment and Preliminary Design – Consultant Award
October 6, 2022	Oneida Nation of the Thames Transmission Pipeline Municipal Class Environmental Assessment and Preliminary Design – Project Update
January 19, 2023	Oneida Nation of the Thames Transmission Pipeline – Connection to LHPWSS – Project Update
March 2, 2023	Oneida Nation of the Thames Transmission Pipeline – Connection to LHPWSS – Administrative Award of Consulting Services

June 6, 2024

Oneida Nation of the Thames Transmission Pipeline – Connection to LHPWSS – Project Update

Background

At the March 3, 2022, meeting, the Board endorsed the request from Oneida Nation of the Thames (Oneida Nation) to supply drinking water to the Oneida Nation settlement from the Lake Huron Water Supply System and authorized Board staff to negotiate a Water Supply Agreement with Oneida Nation.

Given the location of the Oneida Nation settlement, it was proposed that the existing transmission pipeline, which currently terminates near the community of Mount Brydges, be extended to a connection point located near the settlement boundary. The preferred route for the water transmission main was presented at the October 6, 2022, meeting of the Board.

The water supply agreement between Oneida Nation and the Lake Huron Primary Water Supply System was executed in May 2023.

Discussion

The key project phases for the off-settlement Lake Huron Primary Water Supply System transmission infrastructure project consists of:

- detailed/final design, including permits approvals;
- tendering;
- construction; and,
- post-construction warranty period.

The detailed design of the transmission main, chambers and appurtenances has progressed including the completion of the several tasks. The latest cost estimate or opinion of probable cost for the transmission system connection is \$32.6 million. This cost estimate exceeds the previous estimate based on the refinement of the detailed design, as well as various scope changes. The detailed design addresses several items, including but not limited to, dewatering requirements along the route, trenchless crossing of the Thames River, and a metering/connection chamber near the settlement boundary which includes an above grade building. A budget increase of \$10.3 million is recommended, including contingencies, for a total approved budget of \$35.5 million.

The detailed design has advanced and is expected to be completed for tendering in late spring-2025.

Coordination of this transmission main project (off-settlement) with the various on-settlement distribution system upgrades is crucial to the effective delivery of the overall

project. Board staff and Stantec are coordinating with Oneida Nation and their consultants, as well as Indigenous Services Canada, to ensure both the off-settlement and on-settlement projects can effectively be advanced and delivered.

Cost recovery from Oneida Nation by LHPWSS is being undertaken in accordance with the Water Supply Agreement. Board staff have invoiced Oneida Nation for all costs incurred to date.

Project Financial Status

Expenditure	Projected*	Incurred
Preliminary Design	\$ 99,882	\$ 99,882
Detailed Design, Construction Supervision & Contract Administration	\$ 2,800,118	\$ 688,676
Construction	\$ 32,600,000	\$ 0
Total	\$ 35,500,000	\$ 788,558
Approved Budget	\$ 25,200,000	
Projected Variance	\$ (10,300,000)	

**Projected costs are net of HST*

Conclusion

The Lake Huron Primary Water Supply System connection to Oneida Nation of the Thames continues to be a priority of the regional water system, and progress continues through detailed design by the Board's engineering consultant, Stantec. Coordination will continue between Board Staff, Oneida Nation of the Thames and their consultants, and Indigenous Services Canada to ensure effective project delivery.

Board staff will continue to update the Board regarding the project status.

Prepared by: Marcy McKillop, P.Eng.
Environmental Services Engineer

Submitted by: Billy Haklander, P.Eng., LL.M
Senior Manager, Capital Programs

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

By-Law No. 1 - 2025

A By-law to establish a policy for the adoption and use of Electronic Signatures for the Lake Huron Primary Water Supply System.

WHEREAS the Joint Board of Management for the Lake Huron Water Supply System was established by Transfer Order Lake Huron Area #W1/1998, effective September 15, 2000, pursuant to the *Municipal Water and Sewage Systems Transfer Act, 1997*;

AND WHEREAS section 5(3) of the *Municipal Act, 2002* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 11 of the Electronic Commerce Act, 2000, allows the use of electronic signatures, subject to prescribed requirements.

NOW THEREFORE the Board of Management for the Lake Huron Water Supply System enacts as follows:

1. The attached policy be hereby implemented:

SCHEDULE 'A' – Electronic Signatures Policy

2. This by-law shall come into force and effect on June 6, 2025.

PASSED in Open session on June 5, 2025

First Reading –

Second Reading –

Third Reading –



Electronic Signatures Policy

Approved: 5 June 2025

Revised: N/A

Legislative History: Adopted June 5, 2025, by by-law #2025-01

Last Reviewed Date: 24 April 2025

Policy Lead: Director, Regional Water

1. Purpose

- 1.1. The Lake Huron Primary Water Supply System ("LHPWSS") is committed to adopting a consistent and appropriate approach to the use of electronic signatures with the aim of ensuring document reliability, expediting workflow processes, reducing recordkeeping requirements, and improving customer service.
- 1.2. The purpose of this Electronic Signatures Policy ("Policy") is to ensure consistent, authorized, and lawful use of electronic signatures by:
 - a. Identifying the requirements for the receipt and creation of legally reliable electronic documents;
 - b. Identifying the requirement for the use of electronic signatures; and
 - c. Providing guidance on when electronic signatures are considered official and acceptable by the Lake Huron Primary Water Supply System.

2. Applicability

- 2.1. This Policy applies to appointed members of the Board of Management and all staff of the Regional Water division of the Corporation of the City of London which are seconded and report to the Board of Management for the Lake Huron Primary Water Supply System, as well as all assignment employees, temporary help, agency employees who are assigned to perform work for the Lake Huron Primary Water Supply System.
- 2.2. The Electronic Signatures Policy of the Lake Huron Primary Water Supply System may also apply to other employees of the Corporation of the City of London performing services at the request of, under the direction of, or on behalf of the Board of Management for the Lake Huron Primary Water Supply System.

3. Definitions

3.1. The following definitions apply to the Electronic Signatures Policy:

“Board of Management” means the Board of Management for the Lake Huron Primary Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997*, and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000.

“Chief Administrative Officer” and **“CAO”** means the person appointed as the Chief Administrative Officer in accordance with the Appointment of the Chief Administrative Officer Bylaw.

“Digital Signature” means a form of electronic signature that is fully or partially reinforced through cryptography to ensure the identity of the signer as well as the integrity and authenticity of a record.

“Director” means the Director, Regional Water of the Regional Water division of the City of London seconded to Huron for the purpose of administration, management, and oversight of LHPWSS.

“Document Reliability” means the extent to which the reader can be objectively certain of the identity of signers and of the integrity and authenticity of the document.

“Electronic” means created, recorded, transmitted, or stored in digital form or in other intangible forms by electronic, magnetic, or optical means, or by any other means that have capabilities for creation, recording, transmission, or storage similar to those means, and “electronically” has a corresponding meaning.

“Electronic Record” means a record of information that is created, generated, sent, communicated, received, or stored electronically. Electronic records include electronic documents.

“Electronic Signatures” means any electronic artefact that fulfils the function of a signature in the electronic medium. Electronic signatures may include, but are not limited to, digital signatures, name entries (online forms), email signature blocks or headers, click-through agreements, voice recordings, and combinations of a username and personal identification number (PIN).

“Electronic Submission” means an electronic document submitted through electronic means including, but not limited to, emails, web forms, facsimiles, and external devices (e.g. USB flash drives).

“Employees” means all staff of the Regional Water division of the Corporation of the City of London which are seconded and report to the Board of Management for the Lake Huron Primary Water Supply System.

“Lake Huron Primary Water Supply System” and **“LHPWSS”** means the Lake Huron Water Supply System as established under the *Municipal Water and Sewage Systems Transfer Act, 1997*, and pursuant to Transfer Order Lake Huron Area #W1/1998 dated effective September 15, 2000, and includes the staff of the Regional Water division of the City of London seconded to LHPWSS for the purpose of administration, management, and oversight of LHPWSS.

“Record” means information, however it may be recorded or stored, and irrespective of the medium or form, by electronic means or otherwise, that includes, but is not limited to, documents, financial statements, minutes, accounts, emails, correspondence, memoranda, plans, maps, drawings, photographs, databases, and films.

“Signature” means a traceable, exclusively personal mark left by a person on a record.

“Transaction” means an action or set of actions occurring between two (2) or more persons relating to the conduct of business, commercial, or governmental affairs.

4. Policy

4.1. Use of Electronic Signatures

4.1.1. To the fullest extent permitted by law, the LHPWSS accepts electronically signed documents as legally binding and having the same legal value and validity as paper documents with handwritten signatures (wet signatures). To that end, a legal requirement that a document be signed is satisfied by a digital signature. Where there is no legal requirement that a document be signed, an electronic signature may be accepted instead of a digital signature.

4.1.2. Notwithstanding the generality of 4.1.1, electronic signatures, including digital signatures, may not be used on a Record or form used explicitly for a process or procedure of the Corporation of the City of London, where the Corporation of the City of London does not allow for the use of electronic signatures, and where the process or procedure is used for undertaking an action or activity on behalf of the LHPWSS (e.g., accounts payable).

4.1.3. This Policy does not limit the LHPWSS’s right or option to conduct a transaction on paper or in non-electronic form, nor affect the LHPWSS’s right or obligation to have documents provided or made available in paper format when required by statute or regulation.

4.2. Internal Documents and Transactions

4.2.1. Subject to the restrictive provisions in this Policy, all internal documents of the LHPWSS including, but not limited to, official documents, requests,

approvals, written communications, electronic submissions, and transactions shall be created, authorized, approved, or signed using electronic documents and signatures.

4.3. External Documents and Transactions

4.3.1. All Employees shall accept the electronic submission of documents or transactions bearing an electronic signature if it is deemed to be in compliance with this Policy.

4.4. Documents Excluded

4.4.1. The following documents shall not be signed, in any circumstances, using electronic signatures:

- a. Documents as outlined in 4.1.2;
- b. Negotiable instruments (e.g., cheques, promissory notes, etc.)
- c. Documents that are prescribed or belong to a prescribed class; and
- d. Documents of title;

4.5. General Consent

4.5.1. No person shall be compelled or required to transact with the LHPWSS using electronic signatures without their consent. If a handwritten signature (wet signature) is requested, the LHPWSS shall consent.

4.5.2. Notwithstanding 4.5.1, depending on the legal status of the transacting party, the consent required to allow the use of electronic signatures can be implicit or explicit.

4.6. Consent of Public Bodies

4.6.1. Public bodies' consent to the use of electronic signatures shall be explicit, which means the consent shall be given only by an explicit written communication stating the public body's consent to use electronic signatures for the matter or purpose in question. The explicit written communication shall be kept with the electronically signed documents as proof of consent.

4.7. Consent of Private Bodies or Other Persons

4.7.1. The consent of private bodies or other persons to the use of electronic signatures can be implied, which means that the consent does not have to be strictly expressed through an explicit communication. Rather, the consent can also be inferred from a person's conduct if there are reasonable

grounds to believe that the consent is genuine and is relevant to the information or document.

4.8. Signing Officers

- 4.8.1. The use of electronic signatures shall comply with any LHPWSS By-law appointing Signing Officers, By-law or resolution of the LHPWSS Board of Management governing the execution of documents on behalf of the LHPWSS and its Board of Management.

4.9. Reliability Requirements

- 4.9.1. Electronic Submissions or transactions bearing electronic signatures shall be reliable. The reliability requirement is satisfied only if, considering all the circumstances, including any relevant agreements, the purpose for which the document is created and the time the electronic signature is made:
 - a. The electronic signature is reliable for the purpose of identifying the person as well as ensuring the integrity and authenticity of the document; and
 - b. The association of the electronic signature with the relevant electronic document is reliable.
- 4.9.2. An electronic signature shall also be attributable (or traceable) to a person who has the intent and authority to sign the record with the use of adequate security and authentication measures that are contained in the method of capturing the electronic submission or transaction (e.g. use of a personal identification number (PIN) or unique login username and password).
- 4.9.3. No persons, through the transmission of an electronic submission or transaction bearing an electronic signature, shall represent themselves in a way that is false or misleading. Where an employee believes that a misrepresentation has occurred, the electronic submission or transaction shall not be processed, and the Director shall be notified.
- 4.9.4. The LHPWSS shall adopt security procedures for electronic signatures that are practical, secure, and balance risk and cost. Furthermore, electronic signatures shall be implemented on a case-by-case basis using various security procedures depending on the risks associated with the electronic submission or transaction.
- 4.9.5. All security procedures shall be determined and approved by the Director.

4.10. Record Retention

- 4.10.1. Electronic records shall be created, managed, and retained in accordance with the LHPWSS's Record Retention By-law and Policy.

- 4.10.2. An electronically signed record constitutes the original copy of the said record and shall be maintained, accessible, and reproducible in an accurate format, even if there are paper printouts of the same record.
- 4.10.3. The accurate format for all types of records shall be determined and approved by the Director in accordance with the LHPWSS's Record Retention By-law and Policy.

4.11. Derogation

- 4.11.1. Any derogation from this Policy shall be prepared by the Director and approved by the Chief Administrative Officer.

5. Responsibilities

5.1. Responsibilities of Employees

- 5.1.1. All employees shall:
 - a. Comply with this Policy; and
 - b. Notify the Director, or the CAO in the case of the Director, if he/she/they deem that an employee is using electronic signatures in a manner that is fraudulent or contrary to the security procedures in place.

5.2. Responsibilities of Director and Managers

- 5.2.1. The Director and Managers shall:
 - a. Collaboratively work to implement electronic signatures and determine security procedures; and,
 - b. Ensure that employees under their supervision comply with this Policy.
- 5.2.2. The Director shall:
 - a. Implement, administer and update this Policy;
 - b. Monitor and report on the implementation of this Policy; and
 - c. Notify the CAO if he/she/they deem that an employee is using electronic signatures in a manner that is fraudulent or contrary to the security procedures in place.

6. Legislative Authority

- 6.1. Section 11 of the *Electronic Commerce Act, 2000*, allows the use of electronic signatures, subject to prescribed requirements.

7. References

7.1. *Electronic Commerce Act, 2000*, S.O. 2000, Chapter 17

7.2. *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, Chapter M.56

8. Enforcement

If any person has any questions regarding this Policy or any questions about the use and retention of electronic signatures that are not addressed in this Policy, they may contact the Director of Regional Water.

9. Changes

This Policy may be amended in whole or in part or eliminated in its entirety at any time at the sole discretion of the LHPWSS, provided that any change or elimination complies with applicable legislation.