



## AGENDA

### Strategic Priorities Committee

June 15, 2021

9:00 am

Video Conference

Click the following link:

<https://www.youtube.com/channel/UCzuUpFqxcEI8OG-dOYKteFQ>

Pages

1. **CALL TO ORDER**

2. **DECLARATIONS OF PECUNIARY INTEREST**

3. **AMENDMENTS AND APPROVAL OF THE AGENDA**

**RECOMMENDATION**

**THAT** the June 15, 2021 Strategic Priorities Committee agenda be accepted as presented.

4. **STRATEGIC PRIORITIES REVIEW**

4.1. **PW 47-2021 Annual Water and Wastewater Financial Assessment**

4

**RECOMMENDATION**

**THAT** Report PW 47-2021, Annual Water and Wastewater Financial Assessment be received for discussion; and,

**THAT** the Strategic Priorities Committee recommends to Council:

**THAT** water rates be increased by 2.0% for 2022 in accordance with the Town's current water system financial plan; and,

**THAT** wastewater rates be increased by 2.4% for 2022 in accordance with the Town's current wastewater system financial plan.

**4.2. PW 48-2021 Waste Management Financial Assessment**

19

**RECOMMENDATION**

**THAT** Report PW 48-2021, Waste Management Financial Assessment be received for discussion; and

**THAT** the Strategic Priorities Committee Recommends to Council:

**THAT** Waste Management user fees for curbside collection wheelie bins increase by 1.5% for 2022.

**4.3. ADMIN 27-2021 Service Ontario Contract for Service**

27

**RECOMMENDATION**

**THAT** ADMIN 27-2021 Service Ontario Contract for Service report be received; and

**THAT** the Strategic Priorities Committee recommends to Council:

**THAT** Council approves the agreement for Service Ontario with the Ministry of Government and Consumer Services in substantially the same form as appended to report ADMIN 27-2021, and

**THAT** Council consider By-law 60-2021, being a by-law to delegate authority to the CAO to negotiate final changes to the Service Ontario agreement and authorizing the Mayor and Clerk to sign the agreement with the Ministry of Government and Consumer Services when deemed complete; and

**THAT** Council consider By-law 61-2021, being a by-law authorizing the Mayor and Clerk to sign a lease agreement for 194 Queen Street West with RSTD Holdings Ltd.

**5. NEXT MEETING**

July 20, 2021 - 9:00 am, live streamed through Town's YouTube channel

Topics to be discussed:

- Review Strategic Priorities
- Pre-budget Review

**6. ADJOURNMENT**

**RECOMMENDATION**

**THAT** this meeting of the Strategic Priorities Committee adjourn at \_\_\_\_\_ pm.



# FORMAL REPORT

**To:** Chair Stratthdee and Members of Strategic Priorities Committee

**Prepared by:** Dave Blake, Environmental Services Supervisor

**Date of Meeting:** 15 June 2021

**Subject:** **PW 47-2021 Annual Water and Wastewater Financial Assessment**

## PURPOSE

This report presents the Strategic Priorities Committee with information related to water and sewer rates for discussion. The Committee is asked to consider the financial assessments and associated rates presented for both water and sewer for discussion and recommend a preferred option for implementation in January 2022.

## RECOMMENDATION

**THAT** Report PW 47-2021, Annual Water and Wastewater Financial Assessment be received for discussion; and,

**THAT** the Strategic Priorities Committee recommends to Council:

**THAT** water rates be increased by 2.0% for 2022 in accordance with the Town's current water system financial plan; and,

**THAT** wastewater rates be increased by 2.4% for 2022 in accordance with the Town's current wastewater system financial plan.

## BACKGROUND

In October 2014, Council approved By-Law 46-2014 which governs water, wastewater and stormwater within the Town of St. Marys. As part of the By-Law, a five (5) year rate plan was incorporated into Schedule "A". At the request of Council, rates for water and wastewater were to be reviewed and approved annually for the subsequent years.

This report provides the annual review of the rate structure detailed within the By-Law, as amended; presents multiple rate options and scenarios for discussions; and details staff recommendations for the water and wastewater rates for 2022.

## REPORT

Both water and wastewater within the Town have individual rate structures and represent separately funded departments. As such, rates for both water and wastewater need to be reviewed and subsequently approved by Council.

### Assumptions:

When developing the rate projections, Town staff made several assumptions related to the operation of the water and wastewater system to ensure a consistent basis for revenue generation and financial position.

The following assumptions were used:

- The volume of water used and the volume of wastewater to be treated will remain constant over the review period. Increases in usage from new customers or from new builds will be offset by conservation activities within the Town and through existing customers.
- The number of customers utilizing the system would increase by 45 units each year to coincide with the approximate number of new builds historically experienced within the Town. (Should the Town grow at a rate either slower or quicker than the above assumption, such as the target growth rate of 1.5%, future annual rate reviews would account for actual growth experienced in the Town and revenue projections would be adjusted at that time).
- Customers will remain in the tiered rates as presently experienced. No assumptions were made to increase high water user consumption, nor reductions in water use.

#### Water and Wastewater Rate Options:

In 2019, the Town was required to update the financial plan for the water system as per Ontario Regulation 453/07. The drinking water financial plan was completed by B.M. Ross and Associates Limited (BM Ross) which covered a 10-year period from 2019 through 2028. The financial plan identified rate increases over the period of the financial plan to move towards full system sustainability. The financial plan identified rate increases of 2.0% from 2019 through 2028.

Additionally, while the water system financial plan was being developed, the Town completed and approved its first financial plan for the wastewater system. The wastewater system financial plan was also completed by B.M. Ross and covered a 10-year period from 2019 through 2028. The financial plan identified rate increases over the period of the plan to maintain the “Rate of Replacement”. The financial plan identified rate increases of 2.4% from 2019 through 2028.

Although the financial plans were completed and approved, they are meant to be guiding documents for financial management and not meant to be prescriptive documents. Conditions or circumstances can change from one year to the next which may not necessarily have been accounted for in the development of the financial plans. Year over year conditions are captured in the annual financial assessments for each system (i.e. this report). As such, the following options have been presented for discussion with regards to water and wastewater rates, and the financial assessments for each.

#### Option No. 1 – 0% Increase:

This option is presented as a baseline option for consideration, also known as the “Do Nothing” approach. Over the ten (10) year review period, water projections show modest reserve growth year over year with some fluctuations based on capital spending. Wastewater projections show stalled reserve growth over the first portion of the projections before retreating into negative balances by the end of the 10-year period due to anticipated capital requirements at the Water Pollution Control Plant (WPCP).

For water, the comparison is a 2021 opening balance of \$1,072,620 compared to the closing balance of \$2,141,719.52 in 2030.

For wastewater, the comparison is a 2021 opening balance of \$1,241,110 compared to the closing balance of \$-654,576.43 in 2030.

Please refer to **Attachment No. 1** for full financial projections related to this option for the water system.

Please refer to **Attachment No. 2** for full financial projections related to this option for the wastewater system.

Should this option be considered, it would deviate from the financial plans developed for both water and wastewater systems and would delay funding targets proposed by both systems, including limiting the systems ability to fund required asset replacement into the future.

Option No. 2 – 0% Increase in 2022, Returning to Financial Plan recommendations in future years:

Given the events of 2020 and 2021 related to the novel coronavirus pandemic and the economic hardships that many have encountered, this option is presented for consideration of maintaining existing rates for both water and wastewater through 2022 to control end user costs. Following the hold on rate increases in 2022, future years would return to the recommended financial plan increases.

Over the ten (10) year review period, water projections continue to show modest reserve growth year over year with some fluctuations based on capital spending. Wastewater projections again show stalled reserve growth over the first portion of the projections before retreating towards the end of the financial outlook back to the near starting point due to anticipated capital requirements at the Water Pollution Control Plant (WPCP).

For water, the comparison is a 2021 opening balance of \$1,072,620 compared to the closing balance of \$3,523,466 in 2030.

For wastewater, the comparison is a 2021 opening balance of \$1,241,110 compared to the closing balance of \$1,272,874 in 2030.

Please refer to **Attachment No. 3** for full financial projections related to this option for the water system.

Please refer to **Attachment No. 4** for full financial projections related to this option for the wastewater system.

Should this option be considered, it would allow some financial relief to system users in 2022 however, it would again deviate from the financial plans developed for both water and wastewater systems. This would also delay funding targets proposed by both systems, including limiting the systems ability to fund required asset replacement into the future.

Option No. 3 – 1 – 1.5% Increase in 2022, Returning to Financial Plan recommendations in future years:

Given the events of 2020 and 2021 related to the novel coronavirus pandemic and the economic hardships that many have encountered, this option is presented for consideration of providing a modest rate increase for both water (1%) and wastewater (1.5%) in 2022 to help control end user costs. Following the modest rate increases in 2022, future years would return to the recommended Financial Plan increases.

Over the ten (10) year review period, water projections continue to show modest reserve growth year over year with some fluctuations based on capital spending. Wastewater projections show good reserve growth over the first portion of the projections before again slightly retreating towards the end of the financial outlook back to the near starting point due to anticipated capital requirements at the Water Pollution Control Plant (WPCP).

For water, the comparison is a 2021 opening balance of \$1,072,620 compared to the closing balance of \$3,717,761 in 2030.

For wastewater, the comparison is a 2021 opening balance of \$1,241,110 compared to the closing balance of \$1,585,001 in 2030.

Please refer to **Attachment No. 5** for full financial projections related to this option for the water system.

Please refer to **Attachment No. 6** for full financial projections related to this option for the wastewater system.

Should this option be considered, it would again allow some financial relief to system users in 2022 however, it would again deviate from the financial plans developed for both water and wastewater systems. The impact to both funding targets would be minimal and short lived and would still enable the Town to fund future capital requirements for both systems based on current projections.

Option No. 4 – Maintain increases following approved Financial Plans:

This option presents the following user fee increases for consideration:

- 2.0% increase to water system rates
- 2.4% increase to wastewater system rates

This option presents the recommended annual rate increase(s) as identified in both the water system financial plan and the wastewater system financial plan. This option would continue to see the water system move towards system sustainability by around 2028 whereas the wastewater system would continue to move towards maintaining the rate of replacement across the system. Over the planning review period, water and wastewater projections show a steady growth year over year with wastewater reserves declining near the end of the outlook period due to large capital requirements however would continue to maintain sufficient reserves to meet capital commitments without the potential need to incur further debt while working to maintain the target rate of infrastructure replacement.

For water, the comparison is a 2021 opening balance of \$1,072,620 compared to the closing balance of \$3,911,649 in 2030.

For wastewater, the comparison is a 2021 opening balance of \$1,241,110 compared to the closing balance of \$1,771,815 in 2030.

Please refer to **Attachment No. 7** for full financial projections related to this option for the water system.

Please refer to **Attachment No. 8** for full financial projections related to this option for the wastewater system.

**Impacts to Users:**

The above detailed options for rate increases would have a varying impact to users of the system, depending on which option is recommended for both water and wastewater systems, as well as which tier the user is billed from.

For Option No. 1, there would be no impacts to users for 2022 and beyond as rates would be held at the current rates being administered in 2021.

For Option 2, there would be no impacts to users for 2022 as rates would be held at the current rates being administered in 2021 and would look to increase in future years.

For Option 3, there would be slight impacts to users for 2022 as rates would marginally increase before increasing further in 2023 and beyond.

For Option 4, there would be modest impacts to users for 2022 as rates would increase slightly in accordance with the approved system financial plans.

The following table provides estimated average impacts user may experience based on the proposed options assuming average consumption:

<b>Tier</b>	<b>Option</b>	<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
1	1	\$0.00	\$0.00	\$0.00
	2	\$0.00	\$0.00	\$0.00
	3	\$0.36	\$0.57	\$0.93
	4	\$0.72	\$0.91	\$1.64
2	1	\$0.00	\$0.00	\$0.00
	2	\$0.00	\$0.00	\$0.00
	3	\$10.31	\$14.04	\$24.35

	4	\$20.63	\$22.46	\$43.09
3	1	\$0.00	\$0.00	\$0.00
	2	\$0.00	\$0.00	--*-----\$0.00
	3	\$30.44	\$48.29	\$78.73
	4	\$60.89	\$77.26	\$138.15

Note: Monthly user impacts depict average system usage per tier, per month.

Tier 1 average usage of 13 cubic metres per month

Tier 2 average usage of 638 cubic metres per month

Tier 3 average usage of 2,192 cubic metres per month

**Municipal Comparisons:**

Municipal comparisons were not completed as part of this financial assessment. The most recent municipal comparisons were completed for both water and wastewater rates as part of the 2019 financial assessments which identified the Town as having comparable water and sewer rates to area municipalities with only modest increases having occurred since that time. An updated municipal comparison should be undertaken in the future to ensure that the Town continues to have water and wastewater rates that are comparable to local area municipalities.

**Recommendation:**

Based on the information and options presented above, it is Staff’s recommendation to proceed with rate increases following the approved financial plans with a 2% increase to water rates and a 2.4% increase to wastewater rates (Option 4). These options continue to follow the approved financial plans and will continue to move each system towards greater financial stability while positioning both systems well to accommodate and fund future needs.

**FINANCIAL IMPLICATIONS**

None at this time.

Depending on which option is recommended for adoption, will have an impact on both the utility operations as well as the customers who utilize the utilities.

**SUMMARY**

The purpose of this report has been to present information for the Strategic Priorities Committee to review and discuss regarding water and wastewater rates administered at the Town of St. Marys. Four (4) Options have been presented to facilitate discussion regarding rates. The rates proposed would be effective for the first billing cycle in January 2022. Should a rate increase be desired, but not implemented until later in 2022, a larger increase would be required as to cover revenue not collected until an increase was implemented.

To move this file forward, staff requires the Committee to consider the options presented within this report and provide direction on the preferred future increases, if any on both water and wastewater rates.

Based on the information presented herein, staff recommends that water rates be increased in accordance with the Town’s current financial plan for the water system as 2.0% for 2022. The financial plan identifies that at the recommended increases (2.0% from 2019 through 2028), the water system could achieve sustainability by 2028. In accordance with Ontario Regulation 453/07, financial plans must cover a period of at least six-years. The Town’s financial plan should be updated in 2023 to maintain a six-year projection moving forward, at which time revenue needs would be updated and re-assessed.



With regards to wastewater rates, staff recommends a slightly larger increase of 2.4% for 2022 in accordance with the Town's current wastewater system financial plan. An increase of 2.4% would see a continued reserve for the wastewater system moving forward. Historically, the wastewater system has not operated with much, or any of a reserve. As capital, operational and maintenance costs increase, the need for a reserve fund will be more significant to handle equipment repairs or replacements, facility improvements, etc.

## **STRATEGIC PLAN**

This initiative is supported by the following priorities, outcomes, and tactics in the Plan.

- Pillar #1 – Infrastructure, Developing a Comprehensive and Progressive Infrastructure Plan:

**Outcome:** St. Marys is committed to developing a progressive and sustainable infrastructure plan that meets the infrastructure needs of today and tomorrow. This will require a balance between building and regular maintenance.

**Tactic(s):** When developing the annual capital plan, have regard for the infrastructure needs identified in the asset management plan before considering new builds or renovations that present significant service level improvements.

**Tactic(s):** To support the asset management plan, complete a financial analysis of the Town's ability to pay to establish a minimum capital budget threshold to be budgeted each year (either in actual spending, or put into reserve).

- Pillar #5 – Economic Development, Industrial Strategy:

**Outcome:** Industry has played, and continues to play a key role in the life of the Town in providing employment and economic stability. Seeking new opportunities to attract small, medium and large industry is in the Town's best interest as part of its growth strategy.

**Tactic(s):** Build a retention plan, identify elements needed to ensure business stay and grow in the community.

## **OTHERS CONSULTED**

Jed Kelly, Director of Public Works – Town of St. Marys

André Morin, Director of Corporate Services / Treasurer – Town of St. Marys

## **ATTACHMENTS**

Attachment No. 1 – Water System Financial Assessment, 0% Increase

Attachment No. 2 – Wastewater System Financial Assessment, 0% Increase

Attachment No. 3 – Water System Financial Assessment, 0% in 2022, 2.0% Increase thereafter

Attachment No. 4 – Wastewater System Financial Assessment, 0% in 2022, 2.4% Increase thereafter

Attachment No. 5 – Water System Financial Assessment, 1% in 2022, 2.0% Increase thereafter

Attachment No. 6 – Wastewater System Financial Assessment, 1.5% in 2022, 2.0% Increase thereafter

Attachment No. 7 – Water System Financial Assessment, 2.0% Increases

Attachment No. 8 – Wastewater System Financial Assessment, 2.4% Increases

**REVIEWED BY**

**Recommended by the Department**

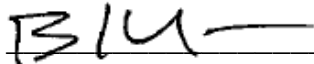


\_\_\_\_\_  
Dave Blake, C.E.T.  
Environmental Services Supervisor



\_\_\_\_\_  
Jed Kelly  
Director of Public Works

**Recommended by the CAO**



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Brent Kittmer  
Chief Administrative Officer

**WATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<u>Operating Revenues</u>											
1	Initial Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,974,641.04	\$ 1,982,859.84	\$ 1,991,078.64	\$ 1,999,297.44	\$ 2,007,516.24	\$ 2,015,735.04	\$ 2,023,953.84	\$ 2,032,172.64	\$ 2,040,391.44
1a	Proposed Rate Adjustment	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1c	Proposed Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,974,641.04	\$ 1,982,859.84	\$ 1,991,078.64	\$ 1,999,297.44	\$ 2,007,516.24	\$ 2,015,735.04	\$ 2,023,953.84	\$ 2,032,172.64	\$ 2,040,391.44
2	Miscellaneous Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 1,966,422.24</b>	<b>\$ 1,974,641.04</b>	<b>\$ 1,982,859.84</b>	<b>\$ 1,991,078.64</b>	<b>\$ 1,999,297.44</b>	<b>\$ 2,007,516.24</b>	<b>\$ 2,015,735.04</b>	<b>\$ 2,023,953.84</b>	<b>\$ 2,032,172.64</b>	<b>\$ 2,040,391.44</b>
<u>Non-Operating Revenue</u>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>7</b>	<b>Total Non-Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
8	Total Revenues	\$ 1,966,422.24	\$ 1,974,641.04	\$ 1,982,859.84	\$ 1,991,078.64	\$ 1,999,297.44	\$ 2,007,516.24	\$ 2,015,735.04	\$ 2,023,953.84	\$ 2,032,172.64	\$ 2,040,391.44
9	Total O&M Expenses	\$ 1,051,220.00	\$ 1,076,007.74	\$ 1,078,624.26	\$ 1,097,954.05	\$ 1,117,731.09	\$ 1,138,357.16	\$ 1,159,394.61	\$ 1,134,693.68	\$ 1,156,580.79	\$ 1,178,905.51
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 915,202.24</b>	<b>\$ 898,633.30</b>	<b>\$ 904,235.58</b>	<b>\$ 893,124.59</b>	<b>\$ 881,566.35</b>	<b>\$ 869,159.08</b>	<b>\$ 856,340.43</b>	<b>\$ 889,260.16</b>	<b>\$ 875,591.85</b>	<b>\$ 861,485.93</b>
<u>Debt Service</u>											
11	Debt Service - Existing	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
14a	Asset Replacement Costs										
14b	Rate Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
14c	Total Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 533,202.24	\$ 375,633.30	\$ 141,235.58	\$ 98,124.59	\$ (225,933.65)	\$ (1,005,840.92)	\$ (53,659.57)	\$ 779,260.16	\$ 510,591.85	\$ (83,514.07)
16	PLUS: Opening Cash Balance	\$ 1,072,620.00	\$ 1,605,822.24	\$ 1,981,455.54	\$ 2,122,691.12	\$ 2,220,815.72	\$ 1,994,882.07	\$ 989,041.15	\$ 935,381.58	\$ 1,714,641.74	\$ 2,225,233.59
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,605,822.24</b>	<b>\$ 1,981,455.54</b>	<b>\$ 2,122,691.12</b>	<b>\$ 2,220,815.72</b>	<b>\$ 1,994,882.07</b>	<b>\$ 989,041.15</b>	<b>\$ 935,381.58</b>	<b>\$ 1,714,641.74</b>	<b>\$ 2,225,233.59</b>	<b>\$ 2,141,719.52</b>
<u>RESERVES</u>											
18	Dedicated Water System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,605,822.24</b>	<b>\$ 1,981,455.54</b>	<b>\$ 2,122,691.12</b>	<b>\$ 2,220,815.72</b>	<b>\$ 1,994,882.07</b>	<b>\$ 989,041.15</b>	<b>\$ 935,381.58</b>	<b>\$ 1,714,641.74</b>	<b>\$ 2,225,233.59</b>	<b>\$ 2,141,719.52</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.53	1.84	1.97	2.02	1.78	0.87	0.81	1.51	1.92	1.82
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	19.83	19.47	19.59	19.35	19.10	18.83	18.55	#DIV/0!	#DIV/0!	#DIV/0!

**WATER SYSTEM RATE SCALE DETERMINATION**

<b>Tier 1: 0-250 cubic metres</b>											
23	Estimated Consumption (m3)	580500	580500	580500	580500	580500	580500	580500	580500	580500	580500
24	Number of Meters	3011	3056	3101	3146	3191	3236	3281	3326	3371	3416
25	Base Rate	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22	\$ 15.22
26	Usage Rate per m3	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61
27	Fixed Revenue	\$ 549,929.04	\$ 558,147.84	\$ 566,366.64	\$ 574,585.44	\$ 582,804.24	\$ 591,023.04	\$ 599,241.84	\$ 607,460.64	\$ 615,679.44	\$ 623,898.24
28	Variable Revenue	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00	\$ 934,605.00
29	<b>Total Revenue - Tier 1</b>	<b>\$ 1,484,534.04</b>	<b>\$ 1,492,752.84</b>	<b>\$ 1,500,971.64</b>	<b>\$ 1,509,190.44</b>	<b>\$ 1,517,409.24</b>	<b>\$ 1,525,628.04</b>	<b>\$ 1,533,846.84</b>	<b>\$ 1,542,065.64</b>	<b>\$ 1,550,284.44</b>	<b>\$ 1,558,503.24</b>
<b>Tier 2: 251-750 cubic metres</b>											
30	Estimated Consumption (m3)	81500	81500	81500	81500	81500	81500	81500	81500	81500	81500
31	Number of Meters	25	25	25	25	25	25	25	25	25	25
32	Base Rate	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56	\$ 58.56
33	Usage Rate per m3	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47	\$ 1.47
34	Fixed Revenue	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00	\$ 17,568.00
35	Variable Revenue	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00	\$ 119,805.00
36	<b>Total Revenue - Tier 2</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>	<b>\$ 137,373.00</b>
<b>Tier 3: 750 Cubic Metres +</b>											
37	Estimated Consumption (m3)	265500	265500	265500	265500	265500	265500	265500	265500	265500	265500
38	Number of Meters	13	13	13	13	13	13	13	13	13	13
39	Base Rate	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20	\$ 234.20
40	Usage Rate per m3	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16
41	Fixed Revenue	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20	\$ 36,535.20
42	Variable Revenue	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00	\$ 307,980.00
43	<b>Total Revenue - Tier 3</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>	<b>\$ 344,515.20</b>
44	Total Projected Revenue - Sales	\$ 1,966,422.24	\$ 1,974,641.04	\$ 1,982,859.84	\$ 1,991,078.64	\$ 1,999,297.44	\$ 2,007,516.24	\$ 2,015,735.04	\$ 2,023,953.84	\$ 2,032,172.64	\$ 2,040,391.44

**WASTEWATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<i>Operating Revenue</i>											
1	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,057,261.24	\$ 2,068,288.04	\$ 2,079,314.84	\$ 2,090,341.64	\$ 2,101,368.44	\$ 2,112,395.24	\$ 2,123,422.04	\$ 2,134,448.84	\$ 2,145,475.64
1a	Proposed Rate Adjustment	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1c	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,057,261.24	\$ 2,068,288.04	\$ 2,079,314.84	\$ 2,090,341.64	\$ 2,101,368.44	\$ 2,112,395.24	\$ 2,123,422.04	\$ 2,134,448.84	\$ 2,145,475.64
2	Miscellaneous Fees (Surcharge Program)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 2,146,234.44</b>	<b>\$ 2,157,261.24</b>	<b>\$ 2,168,288.04</b>	<b>\$ 2,179,314.84</b>	<b>\$ 2,190,341.64</b>	<b>\$ 2,201,368.44</b>	<b>\$ 2,212,395.24</b>	<b>\$ 2,223,422.04</b>	<b>\$ 2,234,448.84</b>	<b>\$ 2,245,475.64</b>
<i>Non-Operating Revenue</i>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 2,146,234.44	\$ 2,157,261.24	\$ 2,168,288.04	\$ 2,179,314.84	\$ 2,190,341.64	\$ 2,201,368.44	\$ 2,212,395.24	\$ 2,223,422.04	\$ 2,234,448.84	\$ 2,245,475.64
9	Total O&M Expenses	\$ 1,340,380.00	\$ 1,136,959.00	\$ 1,528,557.40	\$ 1,551,786.61	\$ 1,568,709.02	\$ 1,587,270.12	\$ 1,606,345.96	\$ 1,596,094.82	\$ 1,615,977.18	\$ 1,636,656.72
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 805,854.44</b>	<b>\$ 1,020,302.24</b>	<b>\$ 639,730.64</b>	<b>\$ 627,528.23</b>	<b>\$ 621,632.62</b>	<b>\$ 614,098.32</b>	<b>\$ 606,049.28</b>	<b>\$ 627,327.22</b>	<b>\$ 618,471.66</b>	<b>\$ 608,818.92</b>
<i>Debt Service</i>											
11	Debt Service - Existing	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
14a	Asset Replacement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14b	Rate Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
14c	Total Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 585,854.44	\$ 591,802.24	\$ (122,269.36)	\$ 170,528.23	\$ (425,367.38)	\$ 332,098.32	\$ 284,049.28	\$ (1,789,672.78)	\$ (1,881,528.34)	\$ 358,818.92
16	PLUS: Opening Cash Balance	\$ 1,241,110.00	\$ 1,826,964.44	\$ 2,418,766.68	\$ 2,296,497.32	\$ 2,467,025.55	\$ 2,041,658.17	\$ 2,373,756.49	\$ 2,657,805.77	\$ 868,132.99	\$ (1,013,395.35)
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,418,766.68</b>	<b>\$ 2,296,497.32</b>	<b>\$ 2,467,025.55</b>	<b>\$ 2,041,658.17</b>	<b>\$ 2,373,756.49</b>	<b>\$ 2,657,805.77</b>	<b>\$ 868,132.99</b>	<b>\$ (1,013,395.35)</b>	<b>\$ (654,576.49)</b>
<b>RESERVES</b>											
18	Wastewater System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,418,766.68</b>	<b>\$ 2,296,497.32</b>	<b>\$ 2,467,025.55</b>	<b>\$ 2,041,658.17</b>	<b>\$ 2,373,756.49</b>	<b>\$ 2,657,805.77</b>	<b>\$ 868,132.99</b>	<b>\$ (1,013,395.35)</b>	<b>\$ (654,576.49)</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.36	2.13	1.50	1.59	1.30	1.50	1.65	0.54	-0.63	-0.40
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	5.55	33.89	1.61	1.60	1.61	1.62	1.62	1.86	1.87	1.88

**WASTEWATER SYSTEM RATE SCALE DETERMINATION**

<b>Tier 1: 0-250 cubic metres</b>											
	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500
23	Estimated Consumption (m3)	2968	3013	3058	3103	3148	3193	3238	3283	3328	3373
24	Number of Meters	2968	3013	3058	3103	3148	3193	3238	3283	3328	3373
25	Base Rate	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42
26	Usage Rate per m3	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36
27	Fixed Revenue	\$ 727,278.72	\$ 738,305.52	\$ 749,332.32	\$ 760,359.12	\$ 771,385.92	\$ 782,412.72	\$ 793,439.52	\$ 804,466.32	\$ 815,493.12	\$ 826,519.92
28	Variable Revenue	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00	\$ 1,261,400.00
29	<b>Total Revenue - Wastewater</b>	<b>\$ 1,988,678.72</b>	<b>\$ 1,999,705.52</b>	<b>\$ 2,010,732.32</b>	<b>\$ 2,021,759.12</b>	<b>\$ 2,032,785.92</b>	<b>\$ 2,043,812.72</b>	<b>\$ 2,054,839.52</b>	<b>\$ 2,065,866.32</b>	<b>\$ 2,076,893.12</b>	<b>\$ 2,087,919.92</b>
<b>Tier 2: 251-750 cubic metres</b>											
	0	0	0	0	0	0	0	0	0	0	0
30	Estimated Consumption (m3)	25	25	25	25	25	25	25	25	25	25
31	Number of Meters	25	25	25	25	25	25	25	25	25	25
32	Base Rate	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03	\$ 68.03
33	Usage Rate per m3	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36
34	Fixed Revenue	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00	\$ 20,409.00
35	Variable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36	<b>Total Revenue - Tier 2</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>	<b>\$ 20,409.00</b>
<b>Tier 3: 750 Cubic Metres +</b>											
	0	0	0	0	0	0	0	0	0	0	0
37	Estimated Consumption (m3)	13	13	13	13	13	13	13	13	13	13
38	Number of Meters	13	13	13	13	13	13	13	13	13	13
39	Base Rate	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12	\$ 238.12
40	Usage Rate per m3	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36
41	Fixed Revenue	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72	\$ 37,146.72
42	Variable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	<b>Total Revenue - Tier 3</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>	<b>\$ 37,146.72</b>
44	Total Projected Revenue - Sales	\$ 2,046,234.44	\$ 2,057,261.24	\$ 2,068,288.04	\$ 2,079,314.84	\$ 2,090,341.64	\$ 2,101,368.44	\$ 2,112,395.24	\$ 2,123,422.04	\$ 2,134,448.84	\$ 2,145,475.64

**WATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<u>Operating Revenues</u>											
1	Initial Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,974,641.04	\$ 1,982,066.70	\$ 2,030,087.85	\$ 2,079,237.03	\$ 2,129,540.14	\$ 2,181,023.67	\$ 2,233,714.74	\$ 2,288,556.46	\$ 2,297,812.16
1a	Proposed Rate Adjustment	0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ 39,641.33	\$ 40,601.76	\$ 41,584.74	\$ 42,590.80	\$ 43,620.47	\$ 44,674.29	\$ -	\$ -
1c	Proposed Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,974,641.04	\$ 2,021,708.03	\$ 2,070,689.61	\$ 2,120,821.77	\$ 2,172,130.94	\$ 2,224,644.15	\$ 2,278,389.03	\$ 2,288,556.46	\$ 2,297,812.16
2	Miscellaneous Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 1,966,422.24</b>	<b>\$ 1,974,641.04</b>	<b>\$ 2,021,708.03</b>	<b>\$ 2,070,689.61</b>	<b>\$ 2,120,821.77</b>	<b>\$ 2,172,130.94</b>	<b>\$ 2,224,644.15</b>	<b>\$ 2,278,389.03</b>	<b>\$ 2,288,556.46</b>	<b>\$ 2,297,812.16</b>
<u>Non-Operating Revenue</u>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>7</b>	<b>Total Non-Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
8	Total Revenues	\$ 1,966,422.24	\$ 1,974,641.04	\$ 2,021,708.03	\$ 2,070,689.61	\$ 2,120,821.77	\$ 2,172,130.94	\$ 2,224,644.15	\$ 2,278,389.03	\$ 2,288,556.46	\$ 2,297,812.16
9	Total O&M Expenses	\$ 1,051,220.00	\$ 1,076,007.74	\$ 1,078,624.26	\$ 1,097,954.05	\$ 1,117,731.09	\$ 1,138,357.16	\$ 1,159,394.61	\$ 1,134,693.68	\$ 1,156,580.79	\$ 1,178,905.51
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 915,202.24</b>	<b>\$ 898,633.30</b>	<b>\$ 943,083.77</b>	<b>\$ 972,735.56</b>	<b>\$ 1,003,090.68</b>	<b>\$ 1,033,773.78</b>	<b>\$ 1,065,249.54</b>	<b>\$ 1,143,695.35</b>	<b>\$ 1,131,975.67</b>	<b>\$ 1,118,906.65</b>
<u>Debt Service</u>											
11	Debt Service - Existing	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
14a	Asset Replacement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14b	Rate Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
14c	Total Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 533,202.24	\$ 375,633.30	\$ 180,083.77	\$ 177,735.56	\$ (104,409.32)	\$ (841,226.22)	\$ 155,249.54	\$ 1,033,695.35	\$ 766,975.67	\$ 173,906.65
16	PLUS: Opening Cash Balance	\$ 1,072,620.00	\$ 1,605,822.24	\$ 1,981,455.54	\$ 2,161,539.31	\$ 2,339,274.88	\$ 2,234,865.55	\$ 1,393,639.33	\$ 1,548,888.88	\$ 2,582,584.23	\$ 3,349,559.89
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,605,822.24</b>	<b>\$ 1,981,455.54</b>	<b>\$ 2,161,539.31</b>	<b>\$ 2,339,274.88</b>	<b>\$ 2,234,865.55</b>	<b>\$ 1,393,639.33</b>	<b>\$ 1,548,888.88</b>	<b>\$ 2,582,584.23</b>	<b>\$ 3,349,559.89</b>	<b>\$ 3,523,466.54</b>
<u>RESERVES</u>											
18	Dedicated Water System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,605,822.24</b>	<b>\$ 1,981,455.54</b>	<b>\$ 2,161,539.31</b>	<b>\$ 2,339,274.88</b>	<b>\$ 2,234,865.55</b>	<b>\$ 1,393,639.33</b>	<b>\$ 1,548,888.88</b>	<b>\$ 2,582,584.23</b>	<b>\$ 3,349,559.89</b>	<b>\$ 3,523,466.54</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.53	1.84	2.00	2.13	2.00	1.22	1.34	2.28	2.90	2.99
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	19.83	19.47	20.43	21.07	21.73	22.40	23.08	#DIV/0!	#DIV/0!	#DIV/0!

**WATER SYSTEM RATE SCALE DETERMINATION**

<u>Tier 1: 0-250 cubic metres</u>											
	580500	590500	580500	580500	580500	580500	580500	580500	580500	580500	580500
23	Estimated Consumption (m3)	3011	3056	3101	3146	3191	3236	3281	3326	3371	3416
24	Number of Meters	15.22	15.22	15.52	15.83	16.15	16.47	16.80	17.14	17.14	17.14
25	Base Rate	\$ 1.61	\$ 1.61	\$ 1.64	\$ 1.68	\$ 1.71	\$ 1.74	\$ 1.78	\$ 1.81	\$ 1.81	\$ 1.81
26	Usage Rate per m3	\$ 549,929.04	\$ 558,147.84	\$ 577,693.97	\$ 597,798.69	\$ 618,476.52	\$ 639,742.35	\$ 661,611.41	\$ 684,099.34	\$ 693,355.05	\$ 702,610.75
27	Fixed Revenue	\$ 934,605.00	\$ 934,605.00	\$ 953,297.10	\$ 972,363.04	\$ 991,810.30	\$ 1,011,646.51	\$ 1,031,879.44	\$ 1,052,517.03	\$ 1,052,517.03	\$ 1,052,517.03
28	Variable Revenue	\$ 1,484,534.04	\$ 1,492,752.84	\$ 1,530,991.07	\$ 1,570,161.73	\$ 1,610,286.82	\$ 1,651,388.85	\$ 1,693,490.85	\$ 1,736,616.37	\$ 1,745,872.08	\$ 1,755,127.78
29	Total Revenue - Tier 1										
<u>Tier 2: 251-750 cubic metres</u>											
	81500	81500	81500	81500	81500	81500	81500	81500	81500	81500	81500
30	Estimated Consumption (m3)	25	25	25	25	25	25	25	25	25	25
31	Number of Meters	\$ 58.56	\$ 58.56	\$ 59.73	\$ 60.93	\$ 62.14	\$ 63.39	\$ 64.65	\$ 65.95	\$ 65.95	\$ 65.95
32	Base Rate	\$ 1.47	\$ 1.47	\$ 1.50	\$ 1.53	\$ 1.56	\$ 1.59	\$ 1.62	\$ 1.66	\$ 1.66	\$ 1.66
33	Usage Rate per m3	\$ 17,568.00	\$ 17,568.00	\$ 17,919.36	\$ 18,277.75	\$ 18,643.30	\$ 19,016.17	\$ 19,396.49	\$ 19,784.42	\$ 19,784.42	\$ 19,784.42
34	Fixed Revenue	\$ 119,805.00	\$ 119,805.00	\$ 122,201.10	\$ 124,645.12	\$ 127,138.02	\$ 129,680.78	\$ 132,274.40	\$ 134,919.89	\$ 134,919.89	\$ 134,919.89
35	Variable Revenue	\$ 137,373.00	\$ 137,373.00	\$ 140,120.46	\$ 142,922.87	\$ 145,781.33	\$ 148,696.95	\$ 151,670.89	\$ 154,704.31	\$ 154,704.31	\$ 154,704.31
36	Total Revenue - Tier 2										
<u>Tier 3: 750 Cubic Metres +</u>											
	265500	265500	265500	265500	265500	265500	265500	265500	265500	265500	265500
37	Estimated Consumption (m3)	13	13	13	13	13	13	13	13	13	13
38	Number of Meters	\$ 234.20	\$ 234.20	\$ 238.88	\$ 243.66	\$ 248.53	\$ 253.51	\$ 258.58	\$ 263.75	\$ 263.75	\$ 263.75
39	Base Rate	\$ 1.16	\$ 1.16	\$ 1.18	\$ 1.21	\$ 1.23	\$ 1.26	\$ 1.28	\$ 1.31	\$ 1.31	\$ 1.31
40	Usage Rate per m3	\$ 36,535.20	\$ 36,535.20	\$ 37,265.90	\$ 38,011.22	\$ 38,771.45	\$ 39,546.88	\$ 40,337.81	\$ 41,144.57	\$ 41,144.57	\$ 41,144.57
41	Fixed Revenue	\$ 307,980.00	\$ 307,980.00	\$ 314,139.60	\$ 320,422.39	\$ 326,830.84	\$ 333,367.46	\$ 340,034.81	\$ 346,835.50	\$ 346,835.50	\$ 346,835.50
42	Variable Revenue	\$ 344,515.20	\$ 344,515.20	\$ 351,405.50	\$ 358,433.61	\$ 365,602.29	\$ 372,914.33	\$ 380,372.62	\$ 387,980.07	\$ 387,980.07	\$ 387,980.07
43	Total Revenue - Tier 3										
44	Total Projected Revenue - Sales	\$ 1,966,422.24	\$ 1,974,641.04	\$ 2,022,517.04	\$ 2,071,518.22	\$ 2,121,670.44	\$ 2,173,000.14	\$ 2,225,534.36	\$ 2,279,300.75	\$ 2,288,556.46	\$ 2,297,812.16

**WASTEWATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<b>Operating Revenue</b>											
1	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,057,261.24	\$ 2,067,096.71	\$ 2,127,991.97	\$ 2,190,619.55	\$ 2,255,027.54	\$ 2,321,265.31	\$ 2,389,383.60	\$ 2,459,434.52	\$ 2,531,471.60
1a	Proposed Rate Adjustment	0%	0.0%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ 49,610.32	\$ 51,071.81	\$ 52,574.87	\$ 54,120.66	\$ 55,710.37	\$ 57,345.21	\$ 59,026.43	\$ 60,755.32
1c	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,057,261.24	\$ 2,116,707.03	\$ 2,179,063.77	\$ 2,243,194.42	\$ 2,309,148.20	\$ 2,376,975.68	\$ 2,446,728.81	\$ 2,518,460.95	\$ 2,592,226.91
2	Miscellaneous Fees (Surcharge Program)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 2,146,234.44</b>	<b>\$ 2,157,261.24</b>	<b>\$ 2,216,707.03</b>	<b>\$ 2,279,063.77</b>	<b>\$ 2,343,194.42</b>	<b>\$ 2,409,148.20</b>	<b>\$ 2,476,975.68</b>	<b>\$ 2,546,728.81</b>	<b>\$ 2,618,460.95</b>	<b>\$ 2,692,226.91</b>
<b>Non-Operating Revenue</b>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 2,146,234.44	\$ 2,157,261.24	\$ 2,216,707.03	\$ 2,279,063.77	\$ 2,343,194.42	\$ 2,409,148.20	\$ 2,476,975.68	\$ 2,546,728.81	\$ 2,618,460.95	\$ 2,692,226.91
9	Total O&M Expenses	\$ 1,340,380.00	\$ 1,136,959.00	\$ 1,528,557.40	\$ 1,551,786.61	\$ 1,568,709.02	\$ 1,587,270.12	\$ 1,606,345.96	\$ 1,596,094.82	\$ 1,615,977.18	\$ 1,636,656.72
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 805,854.44</b>	<b>\$ 1,020,302.24</b>	<b>\$ 688,149.63</b>	<b>\$ 727,277.17</b>	<b>\$ 774,485.40</b>	<b>\$ 821,878.08</b>	<b>\$ 870,629.71</b>	<b>\$ 950,633.98</b>	<b>\$ 1,002,483.77</b>	<b>\$ 1,055,570.19</b>
<b>Debt Service</b>											
11	Debt Service - Existing	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
14a	Asset Replacement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14b	Rate Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
14c	Total Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 585,854.44	\$ 591,802.24	\$ (73,850.37)	\$ 270,277.17	\$ (272,514.60)	\$ 539,878.08	\$ 548,629.71	\$ (1,466,366.02)	\$ (1,497,516.23)	\$ 805,570.19
16	PLUS: Opening Cash Balance	\$ 1,241,110.00	\$ 1,826,964.44	\$ 2,418,766.68	\$ 2,344,916.31	\$ 2,615,193.47	\$ 2,342,678.87	\$ 2,882,556.95	\$ 3,431,186.66	\$ 1,964,820.65	\$ 467,304.41
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,418,766.68</b>	<b>\$ 2,344,916.31</b>	<b>\$ 2,615,193.47</b>	<b>\$ 2,342,678.87</b>	<b>\$ 2,882,556.95</b>	<b>\$ 3,431,186.66</b>	<b>\$ 1,964,820.65</b>	<b>\$ 467,304.41</b>	<b>\$ 1,272,874.61</b>
<b>RESERVES</b>											
18	Wastewater System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,418,766.68</b>	<b>\$ 2,344,916.31</b>	<b>\$ 2,615,193.47</b>	<b>\$ 2,342,678.87</b>	<b>\$ 2,882,556.95</b>	<b>\$ 3,431,186.66</b>	<b>\$ 1,964,820.65</b>	<b>\$ 467,304.41</b>	<b>\$ 1,272,874.61</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.36	2.13	1.53	1.69	1.49	1.82	2.14	1.23	0.29	0.78
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	5.55	33.89	1.73	1.85	2.01	2.17	2.33	2.82	3.03	3.25

**WASTEWATER SYSTEM RATE SCALE DETERMINATION**

<b>Tier 1: 0-250 cubic metres</b>											
	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500
23	Estimated Consumption (m3)	2968	3013	3058	3103	3148	3193	3238	3283	3328	3373
24	Number of Meters	20.42	20.42	20.91	21.41	21.93	22.45	22.99	23.54	24.11	24.69
25	Base Rate	1.36	1.36	1.39	1.43	1.46	1.50	1.53	1.57	1.61	1.64
26	Usage Rate per m3	727,278.72	738,305.52	767,316.30	797,294.32	828,269.32	860,271.88	893,333.48	927,486.52	962,764.34	999,201.27
27	Fixed Revenue	1,261,400.00	1,261,400.00	1,291,673.60	1,322,673.77	1,354,417.94	1,386,923.97	1,420,210.14	1,454,295.19	1,489,198.27	1,524,939.03
28	Variable Revenue	1,988,678.72	1,999,705.52	2,058,989.90	2,119,968.09	2,182,687.26	2,247,195.85	2,313,543.62	2,381,781.71	2,451,962.61	2,524,140.30
29	<b>Total Revenue - Wastewater</b>										
<b>Tier 2: 251-750 cubic metres</b>											
	0	0	0	0	0	0	0	0	0	0	0
30	Estimated Consumption (m3)	25	25	25	25	25	25	25	25	25	25
31	Number of Meters	68.03	68.03	69.66	71.33	73.05	74.80	76.59	78.43	80.32	82.24
32	Base Rate	1.36	1.36	1.39	1.43	1.46	1.50	1.53	1.57	1.61	1.64
33	Usage Rate per m3	20,409.00	20,409.00	20,898.82	21,400.39	21,914.00	22,439.93	22,978.49	23,529.97	24,094.69	24,672.97
34	Fixed Revenue	-	-	-	-	-	-	-	-	-	-
35	Variable Revenue	20,409.00	20,409.00	20,898.82	21,400.39	21,914.00	22,439.93	22,978.49	23,529.97	24,094.69	24,672.97
36	<b>Total Revenue - Tier 2</b>										
<b>Tier 3: 750 Cubic Metres +</b>											
	0	0	0	0	0	0	0	0	0	0	0
37	Estimated Consumption (m3)	13	13	13	13	13	13	13	13	13	13
38	Number of Meters	238.12	238.12	243.83	249.69	255.68	261.82	268.10	274.53	281.12	287.87
39	Base Rate	1.36	1.36	1.39	1.43	1.46	1.50	1.53	1.57	1.61	1.64
40	Usage Rate per m3	37,146.72	37,146.72	38,038.24	38,951.16	39,885.99	40,843.25	41,823.49	42,827.25	43,855.11	44,907.63
41	Fixed Revenue	-	-	-	-	-	-	-	-	-	-
42	Variable Revenue	37,146.72	37,146.72	38,038.24	38,951.16	39,885.99	40,843.25	41,823.49	42,827.25	43,855.11	44,907.63
43	<b>Total Revenue - Tier 3</b>										
44	<b>Total Projected Revenue - Sales</b>	<b>\$ 2,046,234.44</b>	<b>\$ 2,057,261.24</b>	<b>\$ 2,117,926.95</b>	<b>\$ 2,180,319.64</b>	<b>\$ 2,244,487.25</b>	<b>\$ 2,310,479.03</b>	<b>\$ 2,378,345.60</b>	<b>\$ 2,448,138.93</b>	<b>\$ 2,519,912.42</b>	<b>\$ 2,593,720.90</b>

**WATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<b>Operating Revenues</b>											
1	Initial Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,974,443.58	\$ 2,001,887.36	\$ 2,050,388.73	\$ 2,100,029.40	\$ 2,150,835.54	\$ 2,202,833.91	\$ 2,256,051.89	\$ 2,311,442.02	\$ 2,320,790.28
1a	Proposed Rate Adjustment	0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ 19,744.44	\$ 40,037.75	\$ 41,007.77	\$ 42,000.59	\$ 43,016.71	\$ 44,056.68	\$ 45,121.04	\$ -	\$ -
1c	Proposed Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,994,188.01	\$ 2,041,925.11	\$ 2,091,396.51	\$ 2,142,029.99	\$ 2,193,852.25	\$ 2,246,890.59	\$ 2,301,172.92	\$ 2,311,442.02	\$ 2,320,790.28
2	Miscellaneous Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 1,966,422.24</b>	<b>\$ 1,994,188.01</b>	<b>\$ 2,041,925.11</b>	<b>\$ 2,091,396.51</b>	<b>\$ 2,142,029.99</b>	<b>\$ 2,193,852.25</b>	<b>\$ 2,246,890.59</b>	<b>\$ 2,301,172.92</b>	<b>\$ 2,311,442.02</b>	<b>\$ 2,320,790.28</b>
<b>Non-Operating Revenue</b>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>7</b>	<b>Total Non-Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
8	Total Revenues	\$ 1,966,422.24	\$ 1,994,188.01	\$ 2,041,925.11	\$ 2,091,396.51	\$ 2,142,029.99	\$ 2,193,852.25	\$ 2,246,890.59	\$ 2,301,172.92	\$ 2,311,442.02	\$ 2,320,790.28
9	Total O&M Expenses	\$ 1,051,220.00	\$ 1,076,007.74	\$ 1,078,624.26	\$ 1,097,954.05	\$ 1,117,731.09	\$ 1,138,357.16	\$ 1,159,394.61	\$ 1,134,693.68	\$ 1,156,580.79	\$ 1,178,905.51
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 915,202.24</b>	<b>\$ 918,180.27</b>	<b>\$ 963,300.85</b>	<b>\$ 993,442.46</b>	<b>\$ 1,024,298.90</b>	<b>\$ 1,055,495.09</b>	<b>\$ 1,087,495.98</b>	<b>\$ 1,166,479.24</b>	<b>\$ 1,154,861.23</b>	<b>\$ 1,141,884.77</b>
<b>Debt Service</b>											
11	Debt Service - Existing	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
14a	Asset Replacement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14b	Rate Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
14c	Total Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 533,202.24	\$ 395,180.27	\$ 200,300.85	\$ 198,442.46	\$ (83,201.10)	\$ (819,504.91)	\$ 177,495.98	\$ 1,056,479.24	\$ 789,861.23	\$ 196,884.77
16	PLUS: Opening Cash Balance	\$ 1,072,620.00	\$ 1,605,822.24	\$ 2,001,002.51	\$ 2,201,303.36	\$ 2,399,745.82	\$ 2,316,544.72	\$ 2,316,544.72	\$ 1,497,039.81	\$ 1,674,535.79	\$ 2,731,015.03
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,605,822.24</b>	<b>\$ 2,001,002.51</b>	<b>\$ 2,201,303.36</b>	<b>\$ 2,399,745.82</b>	<b>\$ 2,316,544.72</b>	<b>\$ 1,497,039.81</b>	<b>\$ 1,674,535.79</b>	<b>\$ 2,731,015.03</b>	<b>\$ 3,520,876.27</b>	<b>\$ 3,717,761.04</b>
<b>RESERVES</b>											
18	Dedicated Water System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,605,822.24</b>	<b>\$ 2,001,002.51</b>	<b>\$ 2,201,303.36</b>	<b>\$ 2,399,745.82</b>	<b>\$ 2,316,544.72</b>	<b>\$ 1,497,039.81</b>	<b>\$ 1,674,535.79</b>	<b>\$ 2,731,015.03</b>	<b>\$ 3,520,876.27</b>	<b>\$ 3,717,761.04</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.53	1.86	2.04	2.19	2.07	1.32	1.44	2.41	3.04	3.15
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	19.83	19.89	20.87	21.52	22.19	22.87	23.56	#DIV/0!	#DIV/0!	#DIV/0!

<b>WATER SYSTEM RATE SCALE DETERMINATION</b>											
<b>Tier 1: 0-250 cubic metres</b>											
23	Estimated Consumption (m3)	580500	580500	580500	580500	580500	580500	580500	580500	580500	580500
24	Number of Meters	3011	3056	3101	3146	3191	3236	3281	3326	3371	3416
25	Base Rate	\$ 15.22	\$ 15.37	\$ 15.68	\$ 15.99	\$ 16.31	\$ 16.64	\$ 16.97	\$ 17.31	\$ 17.31	\$ 17.31
26	Usage Rate per m3	\$ 1.61	\$ 1.63	\$ 1.66	\$ 1.69	\$ 1.73	\$ 1.76	\$ 1.80	\$ 1.83	\$ 1.83	\$ 1.83
27	Fixed Revenue	\$ 549,929.04	\$ 563,729.32	\$ 583,470.91	\$ 603,776.68	\$ 624,661.29	\$ 646,139.77	\$ 668,227.53	\$ 690,940.34	\$ 700,288.60	\$ 709,636.86
28	Variable Revenue	\$ 934,605.00	\$ 943,951.05	\$ 962,830.07	\$ 982,086.67	\$ 1,001,728.41	\$ 1,021,762.97	\$ 1,042,198.23	\$ 1,063,042.20	\$ 1,063,042.20	\$ 1,063,042.20
29	<b>Total Revenue - Tier 1</b>	<b>\$ 1,484,534.04</b>	<b>\$ 1,507,680.37</b>	<b>\$ 1,546,300.98</b>	<b>\$ 1,585,863.35</b>	<b>\$ 1,626,389.69</b>	<b>\$ 1,667,902.74</b>	<b>\$ 1,710,425.76</b>	<b>\$ 1,753,982.54</b>	<b>\$ 1,763,330.80</b>	<b>\$ 1,772,679.06</b>
<b>Tier 2: 251-750 cubic metres</b>											
30	Estimated Consumption (m3)	81500	81500	81500	81500	81500	81500	81500	81500	81500	81500
31	Number of Meters	25	25	25	25	25	25	25	25	25	25
32	Base Rate	\$ 58.56	\$ 59.15	\$ 60.33	\$ 61.54	\$ 62.77	\$ 64.02	\$ 65.30	\$ 66.61	\$ 66.61	\$ 66.61
33	Usage Rate per m3	\$ 1.47	\$ 1.48	\$ 1.51	\$ 1.54	\$ 1.58	\$ 1.61	\$ 1.64	\$ 1.67	\$ 1.67	\$ 1.67
34	Fixed Revenue	\$ 17,568.00	\$ 17,743.68	\$ 18,098.55	\$ 18,460.52	\$ 18,829.74	\$ 19,206.33	\$ 19,590.46	\$ 19,982.27	\$ 19,982.27	\$ 19,982.27
35	Variable Revenue	\$ 119,805.00	\$ 121,003.05	\$ 123,423.11	\$ 125,891.57	\$ 128,409.40	\$ 130,977.59	\$ 133,597.14	\$ 136,269.09	\$ 136,269.09	\$ 136,269.09
36	<b>Total Revenue - Tier 2</b>	<b>\$ 137,373.00</b>	<b>\$ 138,746.73</b>	<b>\$ 141,521.66</b>	<b>\$ 144,352.10</b>	<b>\$ 147,239.14</b>	<b>\$ 150,183.92</b>	<b>\$ 153,187.60</b>	<b>\$ 156,251.35</b>	<b>\$ 156,251.35</b>	<b>\$ 156,251.35</b>
<b>Tier 3: 750 Cubic Metres +</b>											
37	Estimated Consumption (m3)	265500	265500	265500	265500	265500	265500	265500	265500	265500	265500
38	Number of Meters	13	13	13	13	13	13	13	13	13	13
39	Base Rate	\$ 234.20	\$ 236.54	\$ 241.27	\$ 246.10	\$ 251.02	\$ 256.04	\$ 261.16	\$ 266.38	\$ 266.38	\$ 266.38
40	Usage Rate per m3	\$ 1.16	\$ 1.17	\$ 1.20	\$ 1.22	\$ 1.24	\$ 1.27	\$ 1.29	\$ 1.32	\$ 1.32	\$ 1.32
41	Fixed Revenue	\$ 36,535.20	\$ 36,900.55	\$ 37,638.56	\$ 38,391.33	\$ 39,159.16	\$ 39,942.34	\$ 40,741.19	\$ 41,556.01	\$ 41,556.01	\$ 41,556.01
42	Variable Revenue	\$ 307,980.00	\$ 311,059.80	\$ 317,281.00	\$ 323,626.62	\$ 330,099.15	\$ 336,701.13	\$ 343,435.15	\$ 350,303.86	\$ 350,303.86	\$ 350,303.86
43	<b>Total Revenue - Tier 3</b>	<b>\$ 344,515.20</b>	<b>\$ 347,960.35</b>	<b>\$ 354,919.56</b>	<b>\$ 362,017.95</b>	<b>\$ 369,258.31</b>	<b>\$ 376,643.48</b>	<b>\$ 384,176.34</b>	<b>\$ 391,859.87</b>	<b>\$ 391,859.87</b>	<b>\$ 391,859.87</b>
44	Total Projected Revenue - Sales	\$ 1,966,422.24	\$ 1,994,387.45	\$ 2,042,742.21	\$ 2,092,233.40	\$ 2,142,887.14	\$ 2,194,730.14	\$ 2,247,789.71	\$ 2,302,093.76	\$ 2,311,442.02	\$ 2,320,790.28

**WASTEWATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<i>Operating Revenue</i>											
1	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,056,798.36	\$ 2,098,103.16	\$ 2,159,911.85	\$ 2,223,478.84	\$ 2,288,852.95	\$ 2,356,084.29	\$ 2,425,224.35	\$ 2,496,326.04	\$ 2,569,443.67
1a	Proposed Rate Adjustment	0%	1.5%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ 30,851.96	\$ 50,354.48	\$ 51,837.88	\$ 53,363.49	\$ 54,932.47	\$ 56,546.02	\$ 58,205.38	\$ 59,911.82	\$ 61,666.65
1c	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,087,650.33	\$ 2,148,457.63	\$ 2,211,749.73	\$ 2,276,842.34	\$ 2,343,785.42	\$ 2,412,630.31	\$ 2,483,429.74	\$ 2,556,237.86	\$ 2,631,110.32
2	Miscellaneous Fees (Surcharge Program)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 2,146,234.44</b>	<b>\$ 2,187,650.33</b>	<b>\$ 2,248,457.63</b>	<b>\$ 2,311,749.73</b>	<b>\$ 2,376,842.34</b>	<b>\$ 2,443,785.42</b>	<b>\$ 2,512,630.31</b>	<b>\$ 2,583,429.74</b>	<b>\$ 2,656,237.86</b>	<b>\$ 2,731,110.32</b>
<i>Non-Operating Revenue</i>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 2,146,234.44	\$ 2,187,650.33	\$ 2,248,457.63	\$ 2,311,749.73	\$ 2,376,842.34	\$ 2,443,785.42	\$ 2,512,630.31	\$ 2,583,429.74	\$ 2,656,237.86	\$ 2,731,110.32
9	Total O&M Expenses	\$ 1,340,380.00	\$ 1,136,959.00	\$ 1,528,557.40	\$ 1,551,786.61	\$ 1,568,709.02	\$ 1,587,270.12	\$ 1,606,345.96	\$ 1,596,094.82	\$ 1,615,977.18	\$ 1,636,656.72
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 805,854.44</b>	<b>\$ 1,050,691.33</b>	<b>\$ 719,900.23</b>	<b>\$ 759,963.12</b>	<b>\$ 808,133.32</b>	<b>\$ 856,515.30</b>	<b>\$ 906,284.35</b>	<b>\$ 987,334.92</b>	<b>\$ 1,040,260.68</b>	<b>\$ 1,094,453.59</b>
<i>Debt Service</i>											
11	Debt Service - Existing	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
14a	Asset Replacement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14b	Rate Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
14c	Total Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 585,854.44	\$ 622,191.33	\$ (42,099.77)	\$ 302,963.12	\$ (238,866.68)	\$ 574,515.30	\$ 584,284.35	\$ (1,429,665.08)	\$ (1,459,739.32)	\$ 844,453.59
16	PLUS: Opening Cash Balance	\$ 1,241,110.00	\$ 1,826,964.44	\$ 2,449,155.77	\$ 2,407,056.00	\$ 2,710,019.13	\$ 2,471,152.44	\$ 3,045,667.74	\$ 3,629,952.09	\$ 2,200,287.01	\$ 740,547.69
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,449,155.77</b>	<b>\$ 2,407,056.00</b>	<b>\$ 2,710,019.13</b>	<b>\$ 2,471,152.44</b>	<b>\$ 3,045,667.74</b>	<b>\$ 3,629,952.09</b>	<b>\$ 2,200,287.01</b>	<b>\$ 740,547.69</b>	<b>\$ 1,585,001.28</b>
<b>RESERVES</b>											
18	Wastewater System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,449,155.77</b>	<b>\$ 2,407,056.00</b>	<b>\$ 2,710,019.13</b>	<b>\$ 2,471,152.44</b>	<b>\$ 3,045,667.74</b>	<b>\$ 3,629,952.09</b>	<b>\$ 2,200,287.01</b>	<b>\$ 740,547.69</b>	<b>\$ 1,585,001.28</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.36	2.15	1.57	1.75	1.58	1.92	2.26	1.38	0.46	0.97
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	5.55	34.90	1.81	1.94	2.10	2.26	2.43	2.93	3.15	3.37

**WASTEWATER SYSTEM RATE SCALE DETERMINATION**

<b>Tier 1: 0-250 cubic metres</b>											
23	Estimated Consumption (m3)	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500
24	Number of Meters	2968	3013	3058	3103	3148	3193	3238	3283	3328	3373
25	Base Rate	\$ 20.42	\$ 20.73	\$ 21.22	\$ 21.73	\$ 22.25	\$ 22.79	\$ 23.34	\$ 23.90	\$ 24.47	\$ 25.06
26	Usage Rate per m3	\$ 1.36	\$ 1.38	\$ 1.41	\$ 1.45	\$ 1.48	\$ 1.52	\$ 1.55	\$ 1.59	\$ 1.63	\$ 1.67
27	Fixed Revenue	\$ 727,278.72	\$ 749,380.10	\$ 778,826.04	\$ 809,253.74	\$ 840,693.36	\$ 873,175.96	\$ 906,733.48	\$ 941,398.82	\$ 977,205.81	\$ 1,014,189.29
28	Variable Revenue	\$ 1,261,400.00	\$ 1,280,321.00	\$ 1,311,048.70	\$ 1,342,513.87	\$ 1,374,734.21	\$ 1,407,727.83	\$ 1,441,513.29	\$ 1,476,109.61	\$ 1,511,536.24	\$ 1,547,813.11
29	<b>Total Revenue - Wastewater</b>	<b>\$ 1,988,678.72</b>	<b>\$ 2,029,701.10</b>	<b>\$ 2,089,874.74</b>	<b>\$ 2,151,767.61</b>	<b>\$ 2,215,427.57</b>	<b>\$ 2,280,903.79</b>	<b>\$ 2,348,246.78</b>	<b>\$ 2,417,508.43</b>	<b>\$ 2,488,742.05</b>	<b>\$ 2,562,002.41</b>
<b>Tier 2: 251-750 cubic metres</b>											
30	Estimated Consumption (m3)	0	0	0	0	0	0	0	0	0	0
31	Number of Meters	25	25	25	25	25	25	25	25	25	25
32	Base Rate	\$ 68.03	\$ 69.05	\$ 70.71	\$ 72.40	\$ 74.14	\$ 75.92	\$ 77.74	\$ 79.61	\$ 81.52	\$ 83.48
33	Usage Rate per m3	\$ 1.36	\$ 1.38	\$ 1.41	\$ 1.45	\$ 1.48	\$ 1.52	\$ 1.55	\$ 1.59	\$ 1.63	\$ 1.67
34	Fixed Revenue	\$ 20,409.00	\$ 20,715.14	\$ 21,212.30	\$ 21,721.39	\$ 22,242.71	\$ 22,776.53	\$ 23,323.17	\$ 23,882.92	\$ 24,456.11	\$ 25,043.06
35	Variable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36	<b>Total Revenue - Tier 2</b>	<b>\$ 20,409.00</b>	<b>\$ 20,715.14</b>	<b>\$ 21,212.30</b>	<b>\$ 21,721.39</b>	<b>\$ 22,242.71</b>	<b>\$ 22,776.53</b>	<b>\$ 23,323.17</b>	<b>\$ 23,882.92</b>	<b>\$ 24,456.11</b>	<b>\$ 25,043.06</b>
<b>Tier 3: 750 Cubic Metres +</b>											
37	Estimated Consumption (m3)	0	0	0	0	0	0	0	0	0	0
38	Number of Meters	13	13	13	13	13	13	13	13	13	13
39	Base Rate	\$ 238.12	\$ 241.69	\$ 247.49	\$ 253.43	\$ 259.51	\$ 265.74	\$ 272.12	\$ 278.65	\$ 285.34	\$ 292.19
40	Usage Rate per m3	\$ 1.36	\$ 1.38	\$ 1.41	\$ 1.45	\$ 1.48	\$ 1.52	\$ 1.55	\$ 1.59	\$ 1.63	\$ 1.67
41	Fixed Revenue	\$ 37,146.72	\$ 37,703.92	\$ 38,608.81	\$ 39,535.43	\$ 40,484.28	\$ 41,455.90	\$ 42,450.84	\$ 43,469.66	\$ 44,512.93	\$ 45,581.24
42	Variable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	<b>Total Revenue - Tier 3</b>	<b>\$ 37,146.72</b>	<b>\$ 37,703.92</b>	<b>\$ 38,608.81</b>	<b>\$ 39,535.43</b>	<b>\$ 40,484.28</b>	<b>\$ 41,455.90</b>	<b>\$ 42,450.84</b>	<b>\$ 43,469.66</b>	<b>\$ 44,512.93</b>	<b>\$ 45,581.24</b>
44	<b>Total Projected Revenue - Sales</b>	<b>\$ 2,046,234.44</b>	<b>\$ 2,088,120.16</b>	<b>\$ 2,149,695.86</b>	<b>\$ 2,213,024.43</b>	<b>\$ 2,278,154.55</b>	<b>\$ 2,345,136.22</b>	<b>\$ 2,414,020.79</b>	<b>\$ 2,484,861.02</b>	<b>\$ 2,557,711.10</b>	<b>\$ 2,632,626.71</b>



**WATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<u>Operating Revenues</u>											
1	Initial Service Revenue - Water Sales	\$ 1,966,422.24	\$ 1,973,851.18	\$ 2,021,708.03	\$ 2,070,689.61	\$ 2,120,821.77	\$ 2,172,130.94	\$ 2,224,644.15	\$ 2,278,389.03	\$ 2,334,327.59	\$ 2,343,768.40
1a	Proposed Rate Adjustment	0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ 39,477.02	\$ 40,434.16	\$ 41,413.79	\$ 42,416.44	\$ 43,442.62	\$ 44,492.88	\$ 45,567.78	\$ -	\$ -
1c	Proposed Service Revenue - Water Sales	\$ 1,966,422.24	\$ 2,013,328.21	\$ 2,062,142.19	\$ 2,112,103.40	\$ 2,163,238.20	\$ 2,215,573.56	\$ 2,269,137.03	\$ 2,323,956.81	\$ 2,334,327.59	\$ 2,343,768.40
2	Miscellaneous Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 1,966,422.24</b>	<b>\$ 2,013,328.21</b>	<b>\$ 2,062,142.19</b>	<b>\$ 2,112,103.40</b>	<b>\$ 2,163,238.20</b>	<b>\$ 2,215,573.56</b>	<b>\$ 2,269,137.03</b>	<b>\$ 2,323,956.81</b>	<b>\$ 2,334,327.59</b>	<b>\$ 2,343,768.40</b>
<u>Non-Operating Revenue</u>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>7</b>	<b>Total Non-Operating Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
8	Total Revenues	\$ 1,966,422.24	\$ 2,013,328.21	\$ 2,062,142.19	\$ 2,112,103.40	\$ 2,163,238.20	\$ 2,215,573.56	\$ 2,269,137.03	\$ 2,323,956.81	\$ 2,334,327.59	\$ 2,343,768.40
9	Total O&M Expenses	\$ 1,051,220.00	\$ 1,076,007.74	\$ 1,078,624.26	\$ 1,097,954.05	\$ 1,117,731.09	\$ 1,138,357.16	\$ 1,159,394.61	\$ 1,134,693.68	\$ 1,156,580.79	\$ 1,178,905.51
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 915,202.24</b>	<b>\$ 937,320.47</b>	<b>\$ 983,517.93</b>	<b>\$ 1,014,149.36</b>	<b>\$ 1,045,507.11</b>	<b>\$ 1,077,216.40</b>	<b>\$ 1,109,742.42</b>	<b>\$ 1,189,263.13</b>	<b>\$ 1,177,746.80</b>	<b>\$ 1,164,862.89</b>
<u>Debt Service</u>											
11	Debt Service - Existing	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 46,159.00	\$ 46,159.00	\$ 46,158.00	\$ 46,158.00	\$ 46,158.00	\$ 46,159.00	\$ 46,159.00	\$ -	\$ -	\$ -
14a	Asset Replacement Costs										
14b	Rate Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
14c	Total Financed Capital Costs	\$ 382,000.00	\$ 523,000.00	\$ 763,000.00	\$ 795,000.00	\$ 1,107,500.00	\$ 1,875,000.00	\$ 910,000.00	\$ 110,000.00	\$ 365,000.00	\$ 945,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 533,202.24	\$ 414,320.47	\$ 220,517.93	\$ 219,149.36	\$ (61,992.89)	\$ (797,783.60)	\$ 199,742.42	\$ 1,079,263.13	\$ 812,746.80	\$ 219,862.89
16	PLUS: Opening Cash Balance	\$ 1,072,620.00	\$ 1,605,822.24	\$ 2,020,142.71	\$ 2,240,660.64	\$ 2,459,810.00	\$ 2,397,817.11	\$ 1,600,033.51	\$ 1,799,775.93	\$ 2,879,039.06	\$ 3,691,785.86
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,605,822.24</b>	<b>\$ 2,020,142.71</b>	<b>\$ 2,240,660.64</b>	<b>\$ 2,459,810.00</b>	<b>\$ 2,397,817.11</b>	<b>\$ 1,600,033.51</b>	<b>\$ 1,799,775.93</b>	<b>\$ 2,879,039.06</b>	<b>\$ 3,691,785.86</b>	<b>\$ 3,911,648.75</b>
<u>RESERVES</u>											
18	Dedicated Water System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,605,822.24</b>	<b>\$ 2,020,142.71</b>	<b>\$ 2,240,660.64</b>	<b>\$ 2,459,810.00</b>	<b>\$ 2,397,817.11</b>	<b>\$ 1,600,033.51</b>	<b>\$ 1,799,775.93</b>	<b>\$ 2,879,039.06</b>	<b>\$ 3,691,785.86</b>	<b>\$ 3,911,648.75</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.53	1.88	2.08	2.24	2.15	1.41	1.55	2.54	3.19	3.32
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	19.83	20.31	21.31	21.97	22.65	23.34	24.04	#DIV/0!	#DIV/0!	#DIV/0!

**WATER SYSTEM RATE SCALE DETERMINATION**

<u>Tier 1: 0-250 cubic metres</u>											
	580500	590500	580500	580500	580500	580500	580500	580500	580500	580500	580500
23	Estimated Consumption (m3)	3011	3056	3101	3146	3191	3236	3281	3326	3371	3416
24	Number of Meters	15.22	15.52	15.83	16.15	16.47	16.80	17.14	17.48	17.48	17.48
25	Base Rate	\$ 1.61	\$ 1.64	\$ 1.68	\$ 1.71	\$ 1.74	\$ 1.78	\$ 1.81	\$ 1.85	\$ 1.85	\$ 1.85
26	Usage Rate per m3	\$ 549,929.04	\$ 569,310.80	\$ 589,247.85	\$ 609,754.67	\$ 630,846.05	\$ 652,537.19	\$ 674,843.64	\$ 697,781.33	\$ 707,222.15	\$ 716,662.97
27	Fixed Revenue	\$ 934,605.00	\$ 953,297.10	\$ 972,363.04	\$ 991,810.30	\$ 1,011,646.51	\$ 1,031,879.44	\$ 1,052,517.03	\$ 1,073,567.37	\$ 1,073,567.37	\$ 1,073,567.37
28	Variable Revenue	\$ 1,484,534.04	\$ 1,522,607.90	\$ 1,561,610.89	\$ 1,601,564.97	\$ 1,642,492.56	\$ 1,684,416.63	\$ 1,727,360.67	\$ 1,771,348.70	\$ 1,780,789.52	\$ 1,790,230.33
29	<b>Total Revenue - Tier 1</b>										
<u>Tier 2: 251-750 cubic metres</u>											
	81500	81500	81500	81500	81500	81500	81500	81500	81500	81500	81500
30	Estimated Consumption (m3)	25	25	25	25	25	25	25	25	25	25
31	Number of Meters	\$ 58.56	\$ 59.73	\$ 60.93	\$ 62.14	\$ 63.39	\$ 64.65	\$ 65.95	\$ 67.27	\$ 67.27	\$ 67.27
32	Base Rate	\$ 1.47	\$ 1.50	\$ 1.53	\$ 1.56	\$ 1.59	\$ 1.62	\$ 1.66	\$ 1.69	\$ 1.69	\$ 1.69
33	Usage Rate per m3	\$ 17,568.00	\$ 17,919.36	\$ 18,277.75	\$ 18,643.30	\$ 19,016.17	\$ 19,396.49	\$ 19,784.42	\$ 20,180.11	\$ 20,180.11	\$ 20,180.11
34	Fixed Revenue	\$ 119,805.00	\$ 122,201.10	\$ 124,645.12	\$ 127,138.02	\$ 129,680.78	\$ 132,274.40	\$ 134,919.89	\$ 137,618.29	\$ 137,618.29	\$ 137,618.29
35	Variable Revenue	\$ 137,373.00	\$ 140,120.46	\$ 142,922.87	\$ 145,781.33	\$ 148,696.95	\$ 151,670.89	\$ 154,704.31	\$ 157,798.40	\$ 157,798.40	\$ 157,798.40
36	<b>Total Revenue - Tier 2</b>										
<u>Tier 3: 750 Cubic Metres +</u>											
	265500	265500	265500	265500	265500	265500	265500	265500	265500	265500	265500
37	Estimated Consumption (m3)	13	13	13	13	13	13	13	13	13	13
38	Number of Meters	\$ 234.20	\$ 238.88	\$ 243.66	\$ 248.53	\$ 253.51	\$ 258.58	\$ 263.75	\$ 269.02	\$ 269.02	\$ 269.02
39	Base Rate	\$ 1.16	\$ 1.18	\$ 1.21	\$ 1.23	\$ 1.26	\$ 1.28	\$ 1.31	\$ 1.33	\$ 1.33	\$ 1.33
40	Usage Rate per m3	\$ 36,535.20	\$ 37,265.90	\$ 38,011.22	\$ 38,771.45	\$ 39,546.88	\$ 40,337.81	\$ 41,144.57	\$ 41,967.46	\$ 41,967.46	\$ 41,967.46
41	Fixed Revenue	\$ 307,980.00	\$ 314,139.60	\$ 320,422.39	\$ 326,830.84	\$ 333,367.46	\$ 340,034.81	\$ 346,835.50	\$ 353,772.21	\$ 353,772.21	\$ 353,772.21
42	Variable Revenue	\$ 344,515.20	\$ 351,405.50	\$ 358,433.61	\$ 365,602.29	\$ 372,914.33	\$ 380,372.62	\$ 387,980.07	\$ 395,739.67	\$ 395,739.67	\$ 395,739.67
43	<b>Total Revenue - Tier 3</b>										
44	Total Projected Revenue - Sales	\$ 1,966,422.24	\$ 2,014,133.86	\$ 2,062,967.38	\$ 2,112,948.58	\$ 2,164,103.85	\$ 2,216,460.14	\$ 2,270,045.05	\$ 2,324,886.77	\$ 2,334,327.59	\$ 2,343,768.40

**WASTEWATER BUDGET PROJECTIONS - 2021 REVIEW**

THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

Line No.	Details	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
<b>Operating Revenue</b>											
1	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,056,076.26	\$ 2,116,707.03	\$ 2,179,063.77	\$ 2,243,194.42	\$ 2,309,148.20	\$ 2,376,975.68	\$ 2,446,728.81	\$ 2,518,460.95	\$ 2,592,226.91
1a	Proposed Rate Adjustment	0%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ 49,345.83	\$ 50,800.97	\$ 52,297.53	\$ 53,836.67	\$ 55,419.56	\$ 57,047.42	\$ 58,721.49	\$ 60,443.06	\$ 62,213.45
1c	Service Revenue - Water Sales	\$ 2,046,234.44	\$ 2,105,422.09	\$ 2,167,508.00	\$ 2,231,361.30	\$ 2,297,031.09	\$ 2,364,567.75	\$ 2,434,023.09	\$ 2,505,450.30	\$ 2,578,904.01	\$ 2,654,440.36
2	Miscellaneous Fees (Surcharge Program)	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 2,146,234.44</b>	<b>\$ 2,205,422.09</b>	<b>\$ 2,267,508.00</b>	<b>\$ 2,331,361.30</b>	<b>\$ 2,397,031.09</b>	<b>\$ 2,464,567.75</b>	<b>\$ 2,534,023.09</b>	<b>\$ 2,605,450.30</b>	<b>\$ 2,678,904.01</b>	<b>\$ 2,754,440.36</b>
<b>Non-Operating Revenue</b>											
4	Tap / Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 2,146,234.44	\$ 2,205,422.09	\$ 2,267,508.00	\$ 2,331,361.30	\$ 2,397,031.09	\$ 2,464,567.75	\$ 2,534,023.09	\$ 2,605,450.30	\$ 2,678,904.01	\$ 2,754,440.36
9	Total O&M Expenses	\$ 1,340,380.00	\$ 1,136,959.00	\$ 1,528,557.40	\$ 1,551,786.61	\$ 1,568,709.02	\$ 1,587,270.12	\$ 1,606,345.96	\$ 1,596,094.82	\$ 1,615,977.18	\$ 1,636,656.72
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 805,854.44</b>	<b>\$ 1,068,463.09</b>	<b>\$ 738,950.60</b>	<b>\$ 779,574.70</b>	<b>\$ 828,322.07</b>	<b>\$ 877,297.63</b>	<b>\$ 927,677.13</b>	<b>\$ 1,009,355.47</b>	<b>\$ 1,062,926.83</b>	<b>\$ 1,117,783.64</b>
<b>Debt Service</b>											
11	Debt Service - Existing	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 145,238.00	\$ 30,104.00	\$ 397,603.00	\$ 392,068.00	\$ 385,354.00	\$ 379,228.00	\$ 373,103.00	\$ 337,127.00	\$ 330,750.00	\$ 324,625.00
14a	Asset Replacement Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14b	Rate Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
14c	Total Financed Capital Costs	\$ 220,000.00	\$ 428,500.00	\$ 762,000.00	\$ 457,000.00	\$ 1,047,000.00	\$ 282,000.00	\$ 322,000.00	\$ 2,417,000.00	\$ 2,500,000.00	\$ 250,000.00
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 585,854.44	\$ 639,963.09	\$ (23,049.40)	\$ 322,574.70	\$ (218,677.93)	\$ 595,297.63	\$ 605,677.13	\$ (1,407,644.53)	\$ (1,437,073.17)	\$ 867,783.64
16	PLUS: Opening Cash Balance	\$ 1,241,110.00	\$ 1,826,964.44	\$ 2,466,927.53	\$ 2,443,878.12	\$ 2,766,452.82	\$ 2,547,774.89	\$ 3,143,072.52	\$ 3,748,749.65	\$ 2,341,105.12	\$ 904,031.95
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,466,927.53</b>	<b>\$ 2,443,878.12</b>	<b>\$ 2,766,452.82</b>	<b>\$ 2,547,774.89</b>	<b>\$ 3,143,072.52</b>	<b>\$ 3,748,749.65</b>	<b>\$ 2,341,105.12</b>	<b>\$ 904,031.95</b>	<b>\$ 1,771,815.59</b>
<b>RESERVES</b>											
18	Wastewater System Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 1,826,964.44</b>	<b>\$ 2,466,927.53</b>	<b>\$ 2,443,878.12</b>	<b>\$ 2,766,452.82</b>	<b>\$ 2,547,774.89</b>	<b>\$ 3,143,072.52</b>	<b>\$ 3,748,749.65</b>	<b>\$ 2,341,105.12</b>	<b>\$ 904,031.95</b>	<b>\$ 1,771,815.59</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	1.36	2.17	1.60	1.78	1.62	1.98	2.33	1.47	0.56	1.08
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	5.55	35.49	1.86	1.99	2.15	2.31	2.49	2.99	3.21	3.44

**WASTEWATER SYSTEM RATE SCALE DETERMINATION**

<b>Tier 1: 0-250 cubic metres</b>											
	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500	927500
23	Estimated Consumption (m3)	2968	3013	3058	3103	3148	3193	3238	3283	3328	3373
24	Number of Meters	20.42	20.91	21.41	21.93	22.45	22.99	23.54	24.11	24.69	25.28
25	Base Rate	1.36	1.39	1.43	1.46	1.50	1.53	1.57	1.61	1.64	1.68
26	Usage Rate per m3	727,278.72	756,024.85	785,731.89	816,429.39	848,147.79	880,918.41	914,773.49	949,746.20	985,870.69	1,023,182.10
27	Fixed Revenue	1,261,400.00	1,291,673.60	1,322,673.77	1,354,417.94	1,386,923.97	1,420,210.14	1,454,295.19	1,489,198.27	1,524,939.03	1,561,537.57
28	Variable Revenue	1,988,678.72	2,047,698.45	2,108,405.65	2,170,847.33	2,235,071.76	2,301,128.55	2,369,068.67	2,438,944.47	2,510,809.72	2,584,719.67
29	<b>Total Revenue - Wastewater</b>										
<b>Tier 2: 251-750 cubic metres</b>											
	0	0	0	0	0	0	0	0	0	0	0
30	Estimated Consumption (m3)	25	25	25	25	25	25	25	25	25	25
31	Number of Meters	68.03	69.66	71.33	73.05	74.80	76.59	78.43	80.32	82.24	84.22
32	Base Rate	1.36	1.39	1.43	1.46	1.50	1.53	1.57	1.61	1.64	1.68
33	Usage Rate per m3	20,409.00	20,898.82	21,400.39	21,914.00	22,439.93	22,978.49	23,529.97	24,094.69	24,672.97	25,265.12
34	Fixed Revenue	-	-	-	-	-	-	-	-	-	-
35	Variable Revenue	20,409.00	20,898.82	21,400.39	21,914.00	22,439.93	22,978.49	23,529.97	24,094.69	24,672.97	25,265.12
36	<b>Total Revenue - Tier 2</b>										
<b>Tier 3: 750 Cubic Metres +</b>											
	0	0	0	0	0	0	0	0	0	0	0
37	Estimated Consumption (m3)	13	13	13	13	13	13	13	13	13	13
38	Number of Meters	238.12	243.83	249.69	255.68	261.82	268.10	274.53	281.12	287.87	294.78
39	Base Rate	1.36	1.39	1.43	1.46	1.50	1.53	1.57	1.61	1.64	1.68
40	Usage Rate per m3	37,146.72	38,038.24	38,951.16	39,885.99	40,843.25	41,823.49	42,827.25	43,855.11	44,907.63	45,985.41
41	Fixed Revenue	-	-	-	-	-	-	-	-	-	-
42	Variable Revenue	37,146.72	38,038.24	38,951.16	39,885.99	40,843.25	41,823.49	42,827.25	43,855.11	44,907.63	45,985.41
43	<b>Total Revenue - Tier 3</b>										
44	<b>Total Projected Revenue - Sales</b>	<b>\$ 2,046,234.44</b>	<b>\$ 2,106,635.51</b>	<b>\$ 2,168,757.20</b>	<b>\$ 2,232,647.31</b>	<b>\$ 2,298,354.94</b>	<b>\$ 2,365,930.53</b>	<b>\$ 2,435,425.90</b>	<b>\$ 2,506,894.27</b>	<b>\$ 2,580,390.31</b>	<b>\$ 2,655,970.20</b>



# FORMAL REPORT

**To:** Chair Stratthdee and Members of Strategic Priorities Committee

**Prepared by:** Dave Blake, Environmental Services Supervisor

**Date of Meeting:** 15 June 2021

**Subject:** **PW 48-2021 Waste Management Financial Assessment**

## PURPOSE

This report presents information to the Strategic Priorities Committee for review and discussion regarding solid waste management fees. The Committee is asked to consider the financial assessment presented as well as the potential for user fee increases, if any.

## RECOMMENDATION

**THAT** Report PW 48-2021, Waste Management Financial Assessment be received for discussion; and

**THAT** the Strategic Priorities Committee Recommends to Council:

**THAT** Waste Management user fees for curbside collection wheelie bins increase by 1.5% for 2022.

## BACKGROUND

The Town of St. Marys has a long history of providing waste management services through a variety of programs aimed at giving residents and businesses options for various waste materials.

In the late 1990's and early 2000's, the Town's waste management services evolved to begin to incorporate numerous waste diversion programs into normal operation as a way to divert material from final disposal at the landfill, ultimately extending the operational life of the existing landfill Site. Currently, the Town administers the following programs related to waste reduction, diversion and management:

- Automated curbside waste collection
- Municipal Hazardous and Special Waste
- Leaf and Yard Waste Collection & Depot
- Scrap Metal Recycling
- Blue Box Recycling
- Electronic Waste
- Concrete & Asphalt Recycling
- Wood & Brush Diversion

In 2018, Town staff completed a "Waste Reduction and Diversion Assessment" related to the Town's waste management services. The Assessment not only looked at existing programs offered by the Town, but also potential programs which could be offered by the Town.

In September 2019, Staff developed a long term financial assessment related to waste management services that merged all waste management and diversion programs under one "user pay" umbrella that was designed to adequately fund and manage existing and potential waste management services now and into the future.

This report presents the Committee with the annual update of the Waste Management Services financial assessment for consideration

## REPORT

The landfill site had historically been subsidized by the municipal tax base. It wasn't until more recently that the landfill operation was thought of more as a self-funded program where revenue generation could be used to fully support and maintain operations and capital investments at the Site. The installation of a weigh scale in circa 2012 allowed the site to improve its material tracking and revenue generation. This was further enhanced in 2017 when the most recent rate increase on tipping fees was administered. However, the wheelie bin fees for waste collection services which were adopted in 2012 remained unchanged until 2020 when an increase to annual fees was adopted by Council when waste management services such as recycling, waste collection and leaf and yard waste programs were transitioned to a self-funded model. This transition removed these program commitments from the municipal tax base.

This report presents information to the Strategic Priorities Committee for review and discussion in regard to solid waste management fees. The Committee is asked to consider the financial assessment attached and deliberate the option of potential for user fee increases, if any.

### Assumptions:

When developing the financial assessment, Town staff made several assumptions related to waste revenue sources to provide a consistent basis for revenue generation and financial position. The following assumptions were used:

- Waste volume received at the landfill can vary significantly from year to year and can be largely influenced by various factors such as flooding, storms, etc. which can cause large increases in materials being received. In an effort to stabilize the tonnage value utilized, a three (3) year average was assumed to determine the projected tonnage received for revenue generation. This same assumption was also applied to collection volumes.
- Due to the significant fluctuations which can be encountered in weight receipt at the landfill, tonnage received at the site does not increase or decrease as part of this assessment but remains constant from year to year.
- The amount of wheelie bins increased annually is based on historical housing stats to account for new builds and customers. For the purpose of this assessment, 45 additional units per year were used. Should the Town grow at a greater or slower rate, future financial reviews for waste management would account for those changes.
- The landfill reserve would self-fund the completion of the Environment Assessment and Environmental Protection Act and Ontario Waste Resources Act approvals and future cell development, however options are being considered or recommended regarding alternative funding methods for completion of these tasks.
- Tipping fees per tonne have been rounded to the nearest \$0.25 based on percentage increases with modest increases in future years.
- The recycling program is projected to transition to the Producer Pay model by 2026, requiring producers fund diversion collection and processing of Blue Box material, resulting in reducing or eliminating municipal funding requirements. Due to the unknown nature of this program transition, the Financial Assessment has allocated a 50% reduction in Blue Box program costs beginning in 2026.
- Landfill expansion initial capital works to develop the site to accommodate the expansion (Costing to be determined) have been included. In prior financial assessments, these costs were proposed to be a tax funded development due to the economic benefits that a landfill facility provides to the Town.

### Considerations for Fee Increases:

When deliberating whether or not to administer user fee increases for waste management services at this time, the following should be considered:

- The landfill site continues to operate under interim annual approvals for waste disposal until such time as the Environmental Assessment can be completed and subsequently approved.
- The Blue Box recycling program is proposed to be transitioning to Producer Pay models between 2023 and 2025. Currently the Blue Box program costs approximately \$200,000 annually to the Town. The net overall impact this program transition will have is yet to be determined.
- Wheelie bin charges were increased in 2020 by approximately \$30 per year.
- The novel coronavirus pandemic has and continues to provide significant financial hardship for many residents throughout 2020 & 2021.

The following options have been presented for consideration by the Committee:

#### Option No. 1 – 0% Increase:

This Option is presented as a baseline option for consideration, also known as the “Do nothing” approach. Over the ten (10) year review period, waste management projections operate in a negative position for up to six years before slowly climbing into a positive position with reserve funds at the end of the ten year projection are similar to current reserves.

Under this option, both tipping fees at the landfill site, as well as wheelie bin collection fees are held at existing rates. This option does not position the Town to better fund long term system requirements and in addition to operating with a negative balance, do not ensure sufficient funds are available in the future for system needs, or additional requirements or costing yet to be determined.

The comparison is a 2021 opening balance of \$236,229 compared to the closing balance of \$301,311 in 2032.

Please refer to **Attachment No. 1** for full financial projections related to this option for the water management system.

#### Option No. 2 – Modest Fee increases starting with 1.5% Increase to Wheelie Bins Fees

This option is presented to provide a balance between affordability and system financial needs. Within this option, curbside collection wheelie bin fees would increase by 1.5% annually over the duration of the financial outlook with landfill tipping fees modestly increasing by 1.25% in alternating years starting in 2023. This approach is presented in an effort to reflect where annual cost increases are incurred year over year while ensuring that disposal at the landfill site remains a commercially viable solution to not disrupt existing revenue sources.

Under this option, the waste management system again would operate with a negative balance projected to be approximately 5 years as the system works to complete landfill expansion related studies and requirements. The anticipated transition of the Blue box recycling program away from municipalities to producers starting in 2026 better positions the Towns waste management systems moving forward.

The comparison is a 2021 opening balance of \$236,229 compared to the closing balance of \$1,024,050 in 2032.

Please refer to **Attachment No. 2** for full financial projections related to this option for the water management system.

### Option No. 3 – Expansion related Studies funded by alternative means

This option is to consider alternative funding options for the completion of the Landfill Expansion studies over the next several years while administering the modest fee increases noted in Option 2.

With this Option, any projected “Rate Financed Capital Costs” related to landfill expansion activities have been removed from the financial model (approximately \$500,000 over three years). With this consideration, waste management reserves grow modestly each year of the financial assessment well positioning the system to fund long term operations and capital requirements based on current projections.

Regardless of the funding options proposed at this time, projections indicate that waste management services will turn to a deficit position for a number of years through the completion of landfill expansion related studies, without the use of alternative funding options.

Staff has considered several options to address and deal with the pending projected deficit including, but not limited to external borrowing, internal borrowing and funding through the tax base. This Option presents an effort to control costs to system users while still maintaining a competitive site for commercial users moving forward. Should this Option be considered, staff will make future recommendations within the 2022 budget in relation to how to fund the projected reserve deficit position and would better position the Towns Waste Management system moving forward.

With Option No. 3, the comparison is a 2021 opening balance of \$236,229 compared to the closing balance of \$1,444,050 in 2032.

Please refer to **Attachment No. 3** for full financial projections related to this option for the water management system.

## **FINANCIAL IMPLICATIONS**

There are no financial implications related to the updated financial assessment for waste management services.

Should the Committee propose or recommend increases to existing fees for program users, financial implications would be incurred at that time.

## **SUMMARY**

The purpose of this report has been to present information to the Strategic Priorities Committee related to the financial assessment for waste management services and to discuss and consider potential user fee increases, if any.

To move this file forward, Staff recommends that the Committee make recommendations to Council to answer the following questions:

1. Based on the updated financial assessment for waste management services, do current rates, and financial programs provide a sufficient financial position for waste management services at this time?
2. If no, what waste management revenue generating programs should be increased to better fund services?
3. If user fee increases are desired, what level of increase should be targeted by staff at this time?

Based on the above, Staff recommends that existing waste management user fees begin modest increases starting in 2022 related to the curbside wheelie bin fees of 1.5% while also considering alternative funding options related to the completion of landfill expansion studies and needs. This approach would allow a continued assessment of the recently merged waste management self-funded system while also managing fees to end users that remain financially obtainable at this time.

This approach would also enable the Town to continue to finalize the Environmental Assessment for Future Solid Waste Management Needs to potentially obtain a clearer picture of future requirements related to capital commitments and long-term operational needs.

Furthermore, Staff recommends that the Financial Assessment for waste management services be reviewed in 2022 to re-assess the financial position and projections moving forward.

## **STRATEGIC PLAN**

This initiative is supported by the following priorities, outcomes, and tactics in the Plan.

- Pillar #1 – Infrastructure, Waste Management Plan:

Outcome: With anticipated proactive measures for growth (residential, commercial and industrial), there will be a need for active consideration of optimizing landfill services, but with a view on controlled costs and forward-thinking environmental initiatives.

Tactic(s): Decide on what approaches best meet long term community ability to meet provincial standards. Build a program and identify a budget to accommodate.

- Pillar #5 – Economic Development, Industrial Strategy:

Outcome: Industry has played and continues to play a key role in the life of the Town in providing employment and economic stability. Seeking new opportunities to attract small, medium and large industry is in the Town's best interest as part of its growth strategy.

Tactic(s): Build a retention plan, identify elements needed to ensure business start and grow in the community.

## **OTHERS CONSULTED**

Jed Kelly, Director of Public Works – Town of St. Marys

Andre Morin – Director of Finance – Town of St. Marys

## **ATTACHMENTS**

Attachment No. 1 – Do Nothing Approach (No Increases) for Option No. 1

Attachment No. 2 - Modest Increases for Option No. 2

Attachment No. 3 – Modest Increases and Alternative Funding Sources for Studies for Option No. 3

## **REVIEWED BY**

### **Recommended by the Department**

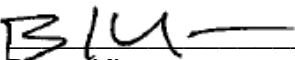


\_\_\_\_\_  
Dave Blake, C.E.T.  
Environmental Services Supervisor



\_\_\_\_\_  
Jed Kelly  
Director of Public Works

### **Recommended by the CAO**



\_\_\_\_\_  
Brent Kittmer  
Chief Administrative Officer

**SOLID WASTE MANAGEMENT BUDGET PROJECTIONS - 2021 REVIEW**  
 THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

LINE NO.	DETAILS	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>REVENUE</b>													
<i>Operating Revenues</i>													
1	Service Revenue - Tipping Fees	\$ 497,607.95	\$ 497,607.95	\$ 497,643.85	\$ 497,643.85	\$ 497,643.85	\$ 497,688.73	\$ 497,688.73	\$ 497,688.73	\$ 497,733.60	\$ 497,733.60	\$ 497,733.60	\$ 497,778.48
1a	Proposed Rate Adjustment	0%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%	0.0%	0.00%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1c	Proposed Service Revenue - Tipping Fees	\$ 497,607.95	\$ 497,607.95	\$ 497,643.85	\$ 497,643.85	\$ 497,643.85	\$ 497,688.73	\$ 497,688.73	\$ 497,688.73	\$ 497,733.60	\$ 497,733.60	\$ 497,733.60	\$ 497,778.48
2	Miscellaneous Fees (Waste Diversion)	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 510,107.95</b>	<b>\$ 510,107.95</b>	<b>\$ 510,143.85</b>	<b>\$ 510,143.85</b>	<b>\$ 510,143.85</b>	<b>\$ 510,188.73</b>	<b>\$ 510,188.73</b>	<b>\$ 510,188.73</b>	<b>\$ 510,233.60</b>	<b>\$ 510,233.60</b>	<b>\$ 510,233.60</b>	<b>\$ 510,278.48</b>
<i>Non-Operating Revenue</i>													
4	Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue - Wheelie Bins	\$ 393,833.00	\$ 399,828.00	\$ 405,823.00	\$ 411,818.00	\$ 417,813.00	\$ 423,808.00	\$ 429,803.00	\$ 435,798.00	\$ 441,793.00	\$ 447,788.00	\$ 453,783.00	\$ 459,778.00
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 903,940.95	\$ 909,935.95	\$ 915,966.85	\$ 921,961.85	\$ 927,956.85	\$ 933,996.73	\$ 939,991.73	\$ 945,986.73	\$ 952,026.60	\$ 958,021.60	\$ 964,016.60	\$ 970,056.48
9	Total O&M Expenses	\$ 834,469.00	\$ 857,256.58	\$ 870,716.95	\$ 884,954.51	\$ 904,477.84	\$ 903,475.48	\$ 816,170.23	\$ 775,178.85	\$ 887,553.43	\$ 901,016.14	\$ 914,752.26	\$ 928,755.18
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 69,471.95</b>	<b>\$ 52,679.37</b>	<b>\$ 45,249.90</b>	<b>\$ 37,007.34</b>	<b>\$ 23,479.01</b>	<b>\$ 130,521.25</b>	<b>\$ 123,821.50</b>	<b>\$ 170,807.87</b>	<b>\$ 64,473.17</b>	<b>\$ 57,005.46</b>	<b>\$ 49,264.34</b>	<b>\$ 41,301.29</b>
<i>Debt Service</i>													
11	Debt Service - Existing	\$ 53,940.00	\$ 53,938.00	\$ 53,939.00	\$ 53,938.00	\$ 53,938.00	\$ 53,938.00	\$ 53,939.00	\$ -	\$ 94,168.00	\$ 94,160.00	\$ 94,156.00	\$ 94,144.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 53,940.00	\$ 53,938.00	\$ 53,939.00	\$ 53,938.00	\$ 53,938.00	\$ 53,938.00	\$ 53,939.00	\$ -	\$ 94,168.00	\$ 94,160.00	\$ 94,156.00	\$ 94,144.00
14a	Asset Replacement Costs												
14b	Rate Financed Capital Costs	\$ 115,000.00	\$ 275,000.00	\$ 130,000.00	\$ 30,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14c	Total Financed Capital Costs	\$ 115,000.00	\$ 275,000.00	\$ 130,000.00	\$ 30,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	NET INCOME (LOSS) FROM OPERATIONS	\$ (45,528.05)	\$ (222,320.63)	\$ (84,750.10)	\$ 7,007.34	\$ (226,520.99)	\$ 130,521.25	\$ 123,821.50	\$ 170,807.87	\$ 64,473.17	\$ 57,005.46	\$ 49,264.34	\$ 41,301.29
16	PLUS: Opening Cash Balance	\$ 236,229.16	\$ 190,701.11	\$ (31,619.52)	\$ (116,369.62)	\$ (109,362.28)	\$ (335,883.27)	\$ (205,362.03)	\$ (81,540.53)	\$ 89,267.35	\$ 153,740.52	\$ 210,745.98	\$ 260,010.32
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 190,701.11</b>	<b>\$ (31,619.52)</b>	<b>\$ (116,369.62)</b>	<b>\$ (109,362.28)</b>	<b>\$ (335,883.27)</b>	<b>\$ (205,362.03)</b>	<b>\$ (81,540.53)</b>	<b>\$ 89,267.35</b>	<b>\$ 153,740.52</b>	<b>\$ 210,745.98</b>	<b>\$ 260,010.32</b>	<b>\$ 301,311.61</b>
<b>RESERVES</b>													
18	Dedicated Landfill Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 190,701.11</b>	<b>\$ (31,619.52)</b>	<b>\$ (116,369.62)</b>	<b>\$ (109,362.28)</b>	<b>\$ (335,883.27)</b>	<b>\$ (205,362.03)</b>	<b>\$ (81,540.53)</b>	<b>\$ 89,267.35</b>	<b>\$ 153,740.52</b>	<b>\$ 210,745.98</b>	<b>\$ 260,010.32</b>	<b>\$ 301,311.61</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	0.23	-0.04	-0.13	-0.12	-0.37	-0.26	-0.10	0.12	0.17	0.23	0.28	0.32
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	1.29	0.98	0.84	0.69	0.44	2.42	2.30	#DIV/0!	0.68	0.61	0.52	0.44



**SOLID WASTE MANAGEMENT BUDGET PROJECTIONS - 2021 REVIEW**  
 THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

LINE NO.	DETAILS	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>REVENUE</b>													
<i>Operating Revenues</i>													
1	Service Revenue - Tipping Fees	\$ 497,607.95	\$ 497,607.95	\$ 503,669.91	\$ 503,669.91	\$ 509,695.98	\$ 509,740.85	\$ 515,766.92	\$ 515,766.92	\$ 521,837.85	\$ 521,837.85	\$ 527,863.92	\$ 527,908.79
1a	Proposed Rate Adjustment	0%	0.0%	1.25%	0.0%	1.25%	0.0%	1.25%	0.0%	1.25%	0.0%	1.25%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ 6,295.87	\$ -	\$ 6,371.20	\$ -	\$ 6,447.09	\$ -	\$ 6,522.97	\$ -	\$ 6,598.30	\$ -
1c	Proposed Service Revenue - Tipping Fees	\$ 497,607.95	\$ 497,607.95	\$ 503,669.91	\$ 503,669.91	\$ 509,695.98	\$ 509,740.85	\$ 515,766.92	\$ 515,766.92	\$ 521,837.85	\$ 521,837.85	\$ 527,863.92	\$ 527,908.79
2	Miscellaneous Fees (Waste Diversion)	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 510,107.95</b>	<b>\$ 510,107.95</b>	<b>\$ 516,169.91</b>	<b>\$ 516,169.91</b>	<b>\$ 522,195.98</b>	<b>\$ 522,240.85</b>	<b>\$ 528,266.92</b>	<b>\$ 528,266.92</b>	<b>\$ 534,337.85</b>	<b>\$ 534,337.85</b>	<b>\$ 540,363.92</b>	<b>\$ 540,408.79</b>
<i>Non-Operating Revenue</i>													
4	Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue - Wheelie Bins	\$ 399,740.50	\$ 411,912.80	\$ 424,360.34	\$ 437,088.61	\$ 450,103.26	\$ 463,410.00	\$ 477,014.67	\$ 490,923.22	\$ 505,141.69	\$ 519,676.25	\$ 534,533.20	\$ 549,718.93
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 909,848.45	\$ 922,020.75	\$ 940,530.25	\$ 953,258.53	\$ 972,299.24	\$ 985,650.85	\$ 1,005,281.59	\$ 1,019,190.13	\$ 1,039,479.54	\$ 1,054,014.11	\$ 1,074,897.12	\$ 1,090,127.72
9	Total O&M Expenses	\$ 834,469.00	\$ 857,256.58	\$ 870,716.95	\$ 884,954.51	\$ 904,477.84	\$ 803,475.48	\$ 816,170.23	\$ 775,178.85	\$ 887,553.43	\$ 901,016.14	\$ 914,752.26	\$ 928,755.18
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 75,379.44</b>	<b>\$ 64,764.17</b>	<b>\$ 69,813.30</b>	<b>\$ 68,304.02</b>	<b>\$ 67,821.40</b>	<b>\$ 182,175.38</b>	<b>\$ 189,111.36</b>	<b>\$ 244,011.28</b>	<b>\$ 151,926.11</b>	<b>\$ 152,997.97</b>	<b>\$ 160,144.86</b>	<b>\$ 161,372.54</b>
<i>Debt Service</i>													
11	Debt Service - Existing	\$ 53,940.00	\$ 53,938.00	\$ 53,939.00	\$ 53,938.00	\$ 53,938.00	\$ 53,938.00	\$ 53,939.00	\$ -	\$ 94,168.00	\$ 94,160.00	\$ 94,156.00	\$ 94,144.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 53,940.00	\$ 53,938.00	\$ 53,939.00	\$ 53,938.00	\$ 53,938.00	\$ 53,938.00	\$ 53,939.00	\$ -	\$ 94,168.00	\$ 94,160.00	\$ 94,156.00	\$ 94,144.00
14a	Asset Replacement Costs												
14b	Rate Financed Capital Costs	\$ 115,000.00	\$ 275,000.00	\$ 130,000.00	\$ 30,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14c	Total Financed Capital Costs	\$ 115,000.00	\$ 275,000.00	\$ 130,000.00	\$ 30,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	NET INCOME (LOSS) FROM OPERATIONS	\$ (39,620.56)	\$ (210,235.83)	\$ (60,186.70)	\$ 38,304.02	\$ (182,178.60)	\$ 182,175.38	\$ 189,111.36	\$ 244,011.28	\$ 151,926.11	\$ 152,997.97	\$ 160,144.86	\$ 161,372.54
16	PLUS: Opening Cash Balance	\$ 236,229.16	\$ 196,608.61	\$ (13,627.22)	\$ (73,813.93)	\$ (35,509.91)	\$ (217,688.51)	\$ (35,513.13)	\$ 153,598.23	\$ 397,609.51	\$ 549,535.62	\$ 702,533.59	\$ 862,678.45
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 196,608.61</b>	<b>\$ (13,627.22)</b>	<b>\$ (73,813.93)</b>	<b>\$ (35,509.91)</b>	<b>\$ (217,688.51)</b>	<b>\$ (35,513.13)</b>	<b>\$ 153,598.23</b>	<b>\$ 397,609.51</b>	<b>\$ 549,535.62</b>	<b>\$ 702,533.59</b>	<b>\$ 862,678.45</b>	<b>\$ 1,024,050.99</b>
<b>RESERVES</b>													
18	Dedicated Landfill Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 196,608.61</b>	<b>\$ (13,627.22)</b>	<b>\$ (73,813.93)</b>	<b>\$ (35,509.91)</b>	<b>\$ (217,688.51)</b>	<b>\$ (35,513.13)</b>	<b>\$ 153,598.23</b>	<b>\$ 397,609.51</b>	<b>\$ 549,535.62</b>	<b>\$ 702,533.59</b>	<b>\$ 862,678.45</b>	<b>\$ 1,024,050.99</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	0.24	-0.02	-0.08	-0.04	-0.24	-0.04	0.19	0.51	0.62	0.78	0.94	1.10
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	1.40	1.20	1.29	1.27	1.26	3.38	3.51	#DIV/0!	1.61	1.62	1.70	1.71

**SOLID WASTE MANAGEMENT BUDGET PROJECTIONS - 2021 REVIEW**  
 THE CORPORATION OF THE TOWN OF ST. MARYS - PUBLIC WORKS DEPARTMENT, ENVIRONMENTAL SERVICES

LINE NO.	DETAILS	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>REVENUE</b>													
<i>Operating Revenues</i>													
1	Service Revenue - Tipping Fees	\$ 497,607.95	\$ 497,607.95	\$ 503,669.91	\$ 503,669.91	\$ 509,695.98	\$ 509,740.85	\$ 515,766.92	\$ 515,766.92	\$ 521,837.85	\$ 521,837.85	\$ 527,863.92	\$ 527,908.79
1a	Proposed Rate Adjustment	0%	0.0%	1.25%	0.0%	1.25%	0.0%	1.25%	0.0%	1.25%	0.0%	1.25%	0.0%
1b	Additional Revenue from Rate Adjustment	\$ -	\$ -	\$ 6,295.87	\$ -	\$ 6,371.20	\$ -	\$ 6,447.09	\$ -	\$ 6,522.97	\$ -	\$ 6,598.30	\$ -
1c	Proposed Service Revenue - Tipping Fees	\$ 497,607.95	\$ 497,607.95	\$ 503,669.91	\$ 503,669.91	\$ 509,695.98	\$ 509,740.85	\$ 515,766.92	\$ 515,766.92	\$ 521,837.85	\$ 521,837.85	\$ 527,863.92	\$ 527,908.79
2	Miscellaneous Fees (Waste Diversion)	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
<b>3</b>	<b>Total Operating Revenue</b>	<b>\$ 510,107.95</b>	<b>\$ 510,107.95</b>	<b>\$ 516,169.91</b>	<b>\$ 516,169.91</b>	<b>\$ 522,195.98</b>	<b>\$ 522,240.85</b>	<b>\$ 528,266.92</b>	<b>\$ 528,266.92</b>	<b>\$ 534,337.85</b>	<b>\$ 534,337.85</b>	<b>\$ 540,363.92</b>	<b>\$ 540,408.79</b>
<i>Non-Operating Revenue</i>													
4	Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Other Revenue - Wheelie Bins	\$ 399,740.50	\$ 411,912.80	\$ 424,360.34	\$ 437,088.61	\$ 450,103.26	\$ 463,410.00	\$ 477,014.67	\$ 490,923.22	\$ 505,141.69	\$ 519,676.25	\$ 534,533.20	\$ 549,718.93
7	Total Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Total Revenues	\$ 909,848.45	\$ 922,020.75	\$ 940,530.25	\$ 953,258.53	\$ 972,299.24	\$ 985,650.85	\$ 1,005,281.59	\$ 1,019,190.13	\$ 1,039,479.54	\$ 1,054,014.11	\$ 1,074,897.12	\$ 1,090,127.72
9	Total O&M Expenses	\$ 834,469.00	\$ 857,256.58	\$ 870,716.95	\$ 884,954.51	\$ 904,477.84	\$ 803,475.48	\$ 816,170.23	\$ 775,178.85	\$ 887,553.43	\$ 901,016.14	\$ 914,752.26	\$ 928,755.18
<b>10</b>	<b>Subtotal: Net Operating Income</b>	<b>\$ 75,379.44</b>	<b>\$ 64,764.17</b>	<b>\$ 69,813.30</b>	<b>\$ 68,304.02</b>	<b>\$ 67,821.40</b>	<b>\$ 182,175.38</b>	<b>\$ 189,111.36</b>	<b>\$ 244,011.28</b>	<b>\$ 151,926.11</b>	<b>\$ 152,997.97</b>	<b>\$ 160,144.86</b>	<b>\$ 161,372.54</b>
<i>Debt Service</i>													
11	Debt Service - Existing	\$ 53,940.00	\$ 53,938.00	\$ 53,939.00	\$ 53,938.00	\$ 53,938.00	\$ 53,938.00	\$ 53,939.00	\$ -	\$ 94,168.00	\$ 94,160.00	\$ 94,156.00	\$ 94,144.00
12	Debt Service - New	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Debt Service	\$ 53,940.00	\$ 53,938.00	\$ 53,939.00	\$ 53,938.00	\$ 53,938.00	\$ 53,938.00	\$ 53,939.00	\$ -	\$ 94,168.00	\$ 94,160.00	\$ 94,156.00	\$ 94,144.00
14a	Asset Replacement Costs												
14b	Rate Financed Capital Costs	\$ 40,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14c	Total Financed Capital Costs	\$ 40,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	NET INCOME (LOSS) FROM OPERATIONS	\$ 35,379.44	\$ 34,764.17	\$ 39,813.30	\$ 38,304.02	\$ (182,178.60)	\$ 182,175.38	\$ 189,111.36	\$ 244,011.28	\$ 151,926.11	\$ 152,997.97	\$ 160,144.86	\$ 161,372.54
16	PLUS: Opening Cash Balance	\$ 236,229.16	\$ 271,608.61	\$ 306,372.78	\$ 346,186.07	\$ 384,490.09	\$ 202,311.49	\$ 384,486.87	\$ 573,598.23	\$ 817,609.51	\$ 969,535.62	\$ 1,122,533.59	\$ 1,282,678.45
<b>17</b>	<b>Ending Cash Balance (Before Reserves)</b>	<b>\$ 271,608.61</b>	<b>\$ 306,372.78</b>	<b>\$ 346,186.07</b>	<b>\$ 384,490.09</b>	<b>\$ 202,311.49</b>	<b>\$ 384,486.87</b>	<b>\$ 573,598.23</b>	<b>\$ 817,609.51</b>	<b>\$ 969,535.62</b>	<b>\$ 1,122,533.59</b>	<b>\$ 1,282,678.45</b>	<b>\$ 1,444,050.99</b>
<b>RESERVES</b>													
18	Dedicated Landfill Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>19</b>	<b>ENDING CASH BALANCE AFTER RESERVES</b>	<b>\$ 271,608.61</b>	<b>\$ 306,372.78</b>	<b>\$ 346,186.07</b>	<b>\$ 384,490.09</b>	<b>\$ 202,311.49</b>	<b>\$ 384,486.87</b>	<b>\$ 573,598.23</b>	<b>\$ 817,609.51</b>	<b>\$ 969,535.62</b>	<b>\$ 1,122,533.59</b>	<b>\$ 1,282,678.45</b>	<b>\$ 1,444,050.99</b>
21	CUMULATIVE REVENUE & RESERVE DEFICIENCY (Line 19 divided by line 9)	0.33	0.36	0.40	0.43	0.22	0.48	0.70	1.05	1.09	1.25	1.40	1.55
22	DEBT SERVICE COVERAGE (Line 10 divided by Line 13)	1.40	1.20	1.29	1.27	1.26	3.38	3.51	#DIV/0!	1.61	1.62	1.70	1.71



# FORMAL REPORT

**To:** Chair Strathdee and Members of Strategic Priorities Committee

**Prepared by:** Brent Kittmer, Chief Administrative Officer

**Date of Meeting:** 15 June 2021

**Subject:** **ADMIN 27-2021 Service Ontario Contract for Service**

## PURPOSE

The purpose of this report is present the Strategic Priorities Committee with a draft agreement with the Ministry of Government and Consumer Services (MGCS) for the Town to begin offering Service Ontario services. At present the Town does not have a turn-key location to offer services. Through this report staff are asking the Committee to discuss location possibilities for the Town to offer Service Ontario from.

## RECOMMENDATION

**THAT** ADMIN 27-2021 Service Ontario Contract for Service report be received; and

**THAT** the Strategic Priorities Committee recommends to Council:

**THAT** Council approves the agreement for Service Ontario with the Ministry of Government and Consumer Services in substantially the same form as appended to report ADMIN 27-2021, and

**THAT** Council consider By-law 60-2021, being a by-law to delegate authority to the CAO to negotiate final changes to the Service Ontario agreement and authorizing the Mayor and Clerk to sign the agreement with the Ministry of Government and Consumer Services when deemed complete; and

**THAT** Council consider By-law 61-2021, being a by-law authorizing the Mayor and Clerk to sign a lease agreement for 194 Queen Street West with RSTD Holdings Ltd.

## BACKGROUND

As the Committee is aware, one of the early impacts of the COVID-19 pandemic was the closure of the local Service Ontario office. The onset of the pandemic caused the private operator to make the decision to retire, and since the Spring of 2020 there has not been a bricks and mortar Service Ontario office in St. Marys.

Many Service Ontario services are now available online, but local residents continue to express concerns to members of Council about the lack of an office location in St. Marys. Over the past year, Mayor Strathdee has advocated to both MPP Randy Pettapiece and to representatives of the MGCS for answers about the future of a Service Ontario location in St. Marys.

This advocacy has resulted in several meetings between MGCS staff and Town representatives. Through these meetings the Town has learned that, although MGCS is modernizing their service delivery model, they still plan to deploy a bricks and mortar Service Ontario approach. The Town of St. Marys has been selected as a pilot location for a new service delivery approach where Service Ontario is delivered by a broader public sector organization. It is for this reason that the Service Ontario contract was not put out for a bid to private operators in St. Marys.

Over the last 6 weeks staff have met with MGCS representatives to discuss the service delivery model, the contract for service, and the requirements for the Service Ontario office location. The process of information collection is now at a point where Council can decide if they wish to accept the offer to assume the Service Ontario contract. The key discussion points surrounding the agreement with MGCS and the location requirements are set out below for the Committee to consider.

## **REPORT**

### **Agreement with MGCS**

The draft agreement with MGCS is attached to this report for reference. For expediency given the upcoming summer Council schedule, the agreement is attached as it stands today. There are still a few areas that require to be completed, and each of those are highlighted. The missing information is related to term of the agreement and compensation for the service.

The agreement received from MGCS is their standard agreement that is given to operators. The key terms of the agreement are summarized as follows:

- Operating Hours:
  - The Town has the flexibility to establish the operating hours, which are typically regular business hours.
  - Once the operating hours are set, the Town is obliged to offer services during this time.
  - Temporary closings of the service office are to be approved by the MGCS.

#### **\*\*\* Discussion point:**

- It is staff's opinion that the operating hours would follow the usual municipal business hours of 8:30 am – 4:30 pm, Monday – Friday. Based on research, these hours of operation reflect the common operating times of other Service Ontario locations. They also the most efficient operating hours for administrative support and oversight by the Town and technical support by MGCS.
  - Another option to consider is to have the hours of operation be Monday to Friday and offer a half day on Saturdays. These operating hours are offered in other locations but may require an additional part time staff to be hired. This approach is also more complicated to manage and provide technical support to.
- Location:
    - It is the Town's responsibility and cost to establish and maintain the premises and space for offering the service, subject to the MGCS location requirements.
    - MGCS will provide their standard equipment and supplies and will set these up in the office. The Town is responsible for the ongoing costs of upkeep and maintenance of the equipment.
    - The Town is not bound to remaining in the same location to offer services. Re-locations are to be approved by the MGCS. The Town is responsible for the costs of relocation if it is the Town who has chosen to relocate.
  - Employees:
    - The Town is required to employ all employees related to offering the service. MGCS is not the employer.
    - The Town is directly responsible for all employment related expenses.
    - The Town is responsible for appointing one designated individual (Key Personnel) who is responsible for oversight of the service.

- MGCS will train the Key Personnel, and then it is the Town's responsibility to train all other individuals who may work for the service.
- It is the Town's responsibility to ensure there are enough staff to offer the service. Based on discussions with MGCS.
  - If Council decides to take on the contract, one new FTE will need to be hired. Initially, it is expected that this will be a contract employee matching the term of the Service Ontario agreement.
- Liability:
  - The agreement contains typical privacy, confidentiality, liability, insurance and indemnification language.
  - Of note, the Town is responsible for any lost revenue that is the result of robbery or theft.
- Compensation:
  - This section still needs to be finalized.
    - The initial offer from MGCS is cost recovery for the Town's staffing costs, plus a payment of \$22,000.
- Signage:
  - The Town is required to pay the costs for all signage and advertising related to the service.
- Co-Location of Services
  - The agreement allows the Town to co-locate Service Ontario with other services at the same customer service desk, so long as there is no conflict with or impact to Service Ontario offerings.
- Financial Records and Audits
  - The Town is responsible for a full accounting of all financial records, for completing reconciliations, and for remitting revenues back to the Province.
  - MGCS retains the right to audit the Town's operation of Service Ontario, the associated financial records, and the use of MGCS systems.
- Assignment
  - The Town does have the option, upon approval by MGCS, to assign the contract to a sub-contractor.
- Termination
  - Either party can terminate the agreement with 120 days' notice.
  - The initial term of agreement offered to the Town is 2 years.

**\*\*\* Discussion point:**

- Discussions with MGCS have indicated that this is negotiable. If the Town is interested in a longer term of agreement Council has the option of indicating that now.

**Location**

MGCS has established specific location and accessibility requirements for Service Ontario locations. Some of those requirements are attached to this report for reference. Staff have reviewed the requirements and have compared them to existing Town owned spaces to determine if there is a

suitable Town owned location to launch the services from. Staff have found that, today, there is no turn-key Town space that the service can be launched from without capital upgrades:

#### Town Hall

- Does not meet the space requirements for a customer waiting area.

#### PRC – Guest Services

- Does not meet the security requirements because the desk area is too open.

#### PRC – Friendship Centre

- The area outside of the Multi-Purpose room was considered but determined to be too small to meet the minimum square footage threshold required.
- If Service Ontario was to be offered at the Friendship Centre, an activity room would be needed to be dedicated to the service. This would result in a loss of programming space for seniors' activities.

#### Train Station

- In terms of current Town spaces, today the Train station has the most potential to host the service. The Service Ontario contract allows for co-location of services, and there would be staffing and other operational synergies gained by having VIA and Service Ontario co-located.
- Given the potential for this site, staff held a virtual walk-through with MGCS location representatives and have learned that the site is not ready to host Service Ontario without the following considerations and upgrades:
  - The front entrance is not accessible and will require an upgrade to a push-button. Given the current construction of the door and façade, this is not a simple upgrade and it's likely that a major upgrade to the entry and façade is required. Staff have contacted a heritage architect to provide a conceptual design and costing to complete these upgrades.
  - The existing public washroom is not accessible and will need to be upgraded if it remains publicly available to patrons of Service Ontario.
  - Although the Ticketmaster Office and main waiting appears to be the natural location for the service desk, this area will be too small to host all of the Service Ontario equipment and storage. It may help if the Station Gallery were to be relocated from this area, but another location would have to be found for this popular attraction.
  - The best location for Service Ontario to locate at within the Train Station is the northern most room which is currently rented to a private business. The rent currently paid is \$424/month. To make this room useable, capital upgrades are needed.

As demonstrated above, there is no turn-key Town owned space to launch Service Ontario from. Staff are proposing a short-term and long-term approach to solve this issue.

In the short term, if Council decides to move forward and assume the Service Ontario contract, a suitable location for the service needs to be found. After further discussions with MGCS staff, the best turn-key space for Service Ontario to be located today is its former location at 194 Queen Street West because this space meets all the existing location requirements. Staff have reached out to the owner of this property, and they are prepared to offer a lease to the Town. A preliminary draft of the proposed lease agreement is attached. The key terms of the lease are:

- Rent: \$800.00 per month, with an annual increase of \$15.00 per month.
- Includes Taxes, Building Insurance, Major Repairs, Heat, Hydro, Water, Sewage, Major Snow Removal.

In addition, the landlord has retained all of the materials needed to set up the office (i.e. waiting room chairs, signage, etc.) meaning that the Town's set up costs for this location will be reduced. It is staff's understanding that 194 Queen Street West may be redeveloped in the future. Staff have confirmed with the landlord that this timeline is at least two years away which provides time for the Town to complete a more thorough review of where to locate Service Ontario long term.

To assist with the longer-term discussions, staff will continue to review the long-term capital upgrades necessary at the Train Station to meet the MGCS accessibility criteria because this is important information to have. However, as Council is aware, the Town will soon be completing a review of municipal services and spaces located in and near the downtown core. Through this review, it is expected that a discussion regarding the best location to renovate and locate Service Ontario will be made.

## **FINANCIAL IMPLICATIONS**

As noted, the offer of compensation for the Town to deliver Service Ontario services is MGCS will pay for the Town's staffing costs plus an additional \$22,000 payment on top.

A draft operational budget to deliver the services has been developed and is appended to this report. As demonstrated by these projections, the compensation offered for the contract will not fully cover the Town's estimated costs to offer the services. Further budget review and discussions with MGCS may better align the cost recovery.

## **SUMMARY**

While providing Service Ontario services is not a core service of the municipality, it does provide a community benefit. This service is very much transactional based and would provide the most synergy with the Corporate Services department creating some further advantages. Firstly, this alignment can be used to enhance capacity with the Corporate Services department by adding cross training among the finance staff. Secondly, synergies with the VIA Rail services the Town currently provides can be achieved with transaction reconciliations and staffing.

If Council makes the decision to take on the contract for Service Ontario the critical path for service launch in August/September is as follows:

- Assume the lease of 194 Queen Street West as of July 1, 2021.
- Notify MGCS of preferred location, and MGCS location staff will begin their set up of the space (i.e. equipment, systems, etc). This process can take up to 2 months.
- Town to hire a contract staff member to staff the service. Contract staff, and Town supervisory staff to receive MGCS training.
- Finalize and sign contract for service.

In addition, the Director of Building and Development will continue to pursue a scope of work and budgetary costs to make the necessary renovations at the Train Station. This information is important to make the determination if this location is a viable long-term location for Service Ontario.

## **STRATEGIC PLAN**

- ☒ This initiative is supported by the following priorities, outcomes, and tactics in the Plan.
  - **Pillar #3 Balanced Growth:** Scale-based demographic growth & targeted immigration

- **Outcome:** St Marys will identify both the key demographics they wish to attract, and match these against existing amenities that would best serve those demographics.
- **Tactic(s):** Identify what infrastructure needs should be in place to attract retain this demographic (e.g. housing that's affordable, **public services**, etc.)

## **OTHERS CONSULTED**

André Morin, Director of Corporate Services/Treasurer

Grant Brouwer, Director of Building and Development/CBO

RSTD Holdings Ltd.

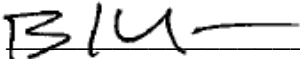
MGCS Staff

## **ATTACHMENTS**

1. Draft Operating Budget by Location
2. Service Ontario Locations requirements
3. Service Ontario agreement for service
4. Draft lease for 194 Queen Street West

## **REVIEWED BY**

### **Recommended by the CAO**



\_\_\_\_\_  
Brent Kittmer

Chief Administrative Officer



**Service Ontario: Budget Forecasts by Location**

	<u>5 James St N</u>	<u>317 James St S</u>	<u>194 Queen St W</u>
	<u>Train Station</u>	<u>PRC</u>	<u>Reid Dundas</u>
<b>Start-Up Costs</b>			
BUILDING MODIFICATIONS	TBD	TBD	0
FIXTURES	1,000	1,000	1,000
SIGNAGE	1,000	1,000	1,000
FURNITURE	2,000	2,000	1,500
EQUIPMENT			
Shredding Machine	500	500	500
Secure Access to E-Mail	0	0	500
Telephone	0	0	0
Safe	500	500	500
Multi-Purpose Copier (Copy, Fax, Scan)	0	0	0
<b>TOTAL START -UP COSTS</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

**Annual Budget Projections**

<b>INTERNAL SUPPORT CHARGES</b>				
	IT	1,313	1,313	1,313
	FINANCE	2,600	2,600	2,600
OFFICE SUPPLIES		750	750	750
OFFICE EQUIPMENT		1,520	1,520	1,880
SOFTWARE		300	300	300
TRAVEL/MILEAGE		0	0	0
MEMBERSHIPS		0	0	0
INSURANCE		500	500	500
PROFESSIONAL DEVELOPMENT		1,000	1,000	1,000
MEETING EXPENSES		0	0	0
POSTAGE		0	0	0
ADVERTISING		500	500	500
COURIER/FREIGHT CHARGES		0	0	0
MATERIALS & SUPPLIES		500	500	500
PROFESSIONAL FEES		0	0	0
LEGAL FEES		0	0	0
BANK CHARGES		420	420	420
BANK CHARGES - DEBIT/CREDIT FEES		0	0	0
<b>TOTAL OPERATING COSTS</b>		<b>9,403</b>	<b>9,403</b>	<b>9,763</b>

**Facility Costs**

CLEANING COSTS - FACILITIES STAFF	4,400	4,400	4,400
RENT			9,600
INSURANCE - FACILITY	0	0	600
HEAT	500	500	0
HYDRO	1,000	1,000	0
WATER/SEWER			
JANITORIAL SUPPLIES	500	500	500
REPAIRS & MAINTENANCE BLDG	2,500	2,500	500
CONTRACTED SERVICES	1,000	1,000	1,000
*Used Cemetery building (730 sq ft) for utilities, etc.			
<b>TOTAL FACILITIES COSTS</b>	<b>9,900</b>	<b>9,900</b>	<b>16,600</b>

<b>TOTAL ANNUAL COSTS (Not incl. Staffing)</b>	<b>19,303</b>	<b>19,303</b>	<b>26,363</b>
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**Staffing Costs**

Option 1			
Open 5 days per week - 8:30 - 1:00, 2:00 - 4:30	70,803	70,803	70,803
Option 2			
Open 5 days per week 7:30 - 5:00	89,671	89,671	89,671
Option 3			
Open M - F - 7:30 - 5:00, Sat 8:00 - 12:00	95,709	95,709	95,709

## **LOCATION SITE REQUIREMENTS**

### **IMAGE**

- Service Providers are representatives of the ministry and should present an appropriate image to the public. ServiceOntario offices must be comparable in appearance to other retail establishments.
- Issuing Office Administrator and Service Provider are to ensure office design and layout is conducive to optimum customer service and safety by collectively coordinating the office layout and counter design.
- Exterior Signage and Display – Sign to be in accordance with ServiceOntario branding directive.

### **SPACE**

- 500 sq ft for first workstation and 250 sq ft for each additional
- Parking Requirements – 8 parking spaces for each customer service wicket in the office and 1 parking space for each employee.
- Accessible Parking Requirements – Minimum of 2 accessible parking spaces within 30 meters of building entrance (must conform to municipal by-law).

### **FLOOR PLAN**

- Required prior to approval- if considering additional workstation, floor plan must indicate where space is available

### **ACCESSIBILITY**

- Issuers must comply with the Ontario Human Rights Code, providing accessibility for the physically challenged.
- Automatic door must be installed.
- Convenient direct street level access.
- Location – Commercial location, convenient to the majority of customers, and within close proximity to a bank approved by the ministry.
- Public Transit – When applicable; Office to be located near public transit routes.

## **OTHER REQUIREMENTS**

- Separate Stock Room
- Separate LAN Room
- Automatic Accessible Entrance

## **MUNICIPAL BY-LAWS**


- Service Provider's responsibility to ensure all necessary permits are acquired and specifications are met. (ie: staff/ public washrooms)





## ServiceOntario

Customer Care, Private Service Providers Branch

# Accessibility Criteria

Following are the criteria that will deem an office to be considered “Accessible” and will be provided with the International Symbol of Accessibility  on the Service Finder (SF).

- **Parking**
  - ❖ If the office has parking available, accessible parking spaces must also be available
    - Accessible Parking Spaces must be clearly marked with the International Symbol of Accessibility 
  
- **Route to the Office**
  - ❖ Barrier-free route from parking area or the street to the office
  - ❖ Unobstructed pedestrian route, minimum 1500 mm wide
  - ❖ Curb Cuts, minimum 1200 mm wide
  - ❖ Ramps, minimum 900 mm wide
  - ❖ Level grade to the door
  
- **Entrance to the Building**
  - ❖ International Symbol of Accessibility  clearly visible
  - ❖ Door into the building, minimum of 915 mm wide
  - ❖ Door – **one of the following options:**
    - Automatic Door Opener
      - Entrance controls between 900 mm and 1200 mm above the floor/ground
    - Door propped open at all times
  - ❖ Door Threshold is level to the floor
  
- **Seating**
  - ❖ Seating available and customers have the option to sit while waiting to be served
  - ❖ Space available for a person in a wheelchair or mobility device to wait to be served

- ❖ Companion seating available in the same area
- **Customer Triage**
  - ❖ “The Active Offer of Assistance” is provided to every customer who appears to have a disability, whether or not assistance has been requested
  - ❖ Process to triage customers - **one of the following options:**
    - Formal queuing system; numbers, tickets, etc. **AND** the Agent offers to alert customers personally, when their number comes up, when the customer appears to have a vision disability
    - Informal system; Agent alerts customer when they are to come to the counter to be served
- **Counters**
  - ❖ Customers can be served in a seated position – **one of the following options:**
    - Lower Level Counter with the following measurements:
      - 762mm high (0.76 metres)
      - 901mm wide (0.9 metres)
      - 533mm deep (0.55 metres)
    - Alternative method; clip board available, mobile table, etc.
  - ❖ Sufficient space between the counter and backdrop for customers in a mobility device to maneuver with ease
- **Washrooms**
  - ❖ If the office provides public washrooms, they must be accessible – **one of the following options:**
    - An accessible stall in each washroom
    - A stand-alone unisex washroom
  - ❖ Access to the washroom must be accessible

**ServiceOntario  
ISSUING SERVICES AGREEMENT**

**BETWEEN:** [INSERT LEGAL NAME OF SERVICE PROVIDER]

**AND**

**HER MAJESTY THE QUEEN  
IN RIGHT OF ONTARIO as represented by the  
MINISTER OF GOVERNMENT AND CONSUMER  
SERVICES**

**EFFECTIVE DATE:** [INSERT EFFECTIVE DATE]

**SERVICEONTARIO CENTRE LOCATION:** [INSERT NAME OF CITY/TOWN IDENTIFIER]

## AGREEMENT INDEX

### ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

- 1.01 Defined Terms
- 1.02 No Indemnities from Ontario
- 1.03 Entire Agreement
- 1.04 Schedules and Interpretive Value of Agreement Documents
- 1.05 Interpretive Value of Headings
- 1.06 Severability
- 1.07 Notices by Prescribed Means
- 1.08 Representatives May Bind the Parties
- 1.09 Condonation Not a Waiver
- 1.10 Changes by Written Amendment Only
- 1.11 Agreement Binding
- 1.12 Governing Law
- 1.13 Consent and Approvals

### ARTICLE 2 – AUTHORIZATION BY MGCS

- 2.01 Authorization to Deliver Issuing Services
- 2.02 Volume of Work and Non-Exclusivity

### ARTICLE 3 – NATURE OF BUSINESS RELATIONSHIP

- 3.01 No Partnership, Agency or Employment Relationship
- 3.02 Business Risk
- 3.03 Reliance by Ontario
- 3.04 Duty to Disclose Change in Control

### ARTICLE 4 – PERFORMANCE BY SERVICE PROVIDER

- 4.01 Commencement of Issuing Services
- 4.02 Performance of Issuing Services
- 4.03 Customer Complaints
- 4.04 French Language Services
- 4.05 Accessibility Requirements
- 4.06 Standard Operating Hours
- 4.07 Unscheduled and Scheduled Temporary Closing
- 4.08 Conflict of Interest and Performance of Issuing Services
- 4.09 Payment of Taxes and Duties
- 4.10 Adherence to Service Standards

### ARTICLE 5 – PREMISES

- 5.01 Establishment of Premises
- 5.02 Premises Operating Costs
- 5.03 Proof of Occupancy of Premises
- 5.04 Compliance with Standards
- 5.05 Maintenance and Repair
- 5.06 Relocation of Premises by Service Provider
- 5.07 Relocation of Premise by MGCS

### ARTICLE 6 – OPERATIONAL DIRECTIVES

- 6.01 Ownership and Confidentiality of Operational Directives
- 6.02 Evolution of Operational Directives

### ARTICLE 7 – EMPLOYEES AND KEY PERSONNEL

- 7.01 Service Provider Responsible for Employees
- 7.02 Report to Province
- 7.03 Designation of Key Personnel
- 7.04 Service Provider as Key Personnel
- 7.05 Substitution of Key Personnel

### ARTICLE 8 – TRAINING AND OPERATING ASSISTANCE

- 8.01 Initial Training Programme
- 8.02 Ongoing Training
- 8.03 Service Provider Responsible for Expenses
- 8.04 Continuing Advice and Guidance
- 8.05 Service Provider Responsible for Training Employees

### ARTICLE 9 – SERVICE PROVIDER'S COLLECTION OF PROVINCIAL REVENUE

- 9.01 Collection, Handling and Remittance to Ontario
- 9.02 All Revenue Held in Trust
- 9.03 Handling of Revenue
- 9.04 Protection of Revenue
- 9.05 Liability for Lost Revenue
- 9.06 Robbery or Theft
- 9.07 Interest on Late Payment
- 9.08 No Withholding on Revenue

### ARTICLE 10 – COMPENSATION AND MGCS ASSISTANCE

- 10.01 Compensation for Issuing Services
- 10.02 Service Provider Compensation in Accordance with Agreement
- 10.03 Electronic Funds Transfer

### ARTICLE 11 – MGCS EQUIPMENT AND MGCS STOCK

- 11.01 Provision of Equipment and Stock
- 11.02 Limited Use by Service Provider
- 11.03 Service Provider Responsible for Damaged Equipment or Lost Stock
- 11.04 Reduction, Re-location and Addition of Workstations

### ARTICLE 12 – SECURITY

- 12.01 Security Procedures and Protocols
- 12.02 Service Provider to Report Security Breaches
- 12.03 Inspection by MGCS

### ARTICLE 13 – CONTRACTOR SECURITY SCREENING

- 13.01 Security Clearance Checks
- 13.02 Cost for Security Clearance Checks
- 13.03 Service Provider to Obtain Security Clearance Checks
- 13.04 Notification of Changes
- 13.05 Default of Security Clearance Check Requirements

### ARTICLE 14 – SIGNAGE AND ADVERTISING

- 14.01 Signage
- 14.02 Notice of Independent Contractor Relationship
- 14.03 Service Provider to Display MGCS Materials
- 14.04 Third-Party Advertising
- 14.05 Service Provider Specific Advertising
- 14.06 Discontinuance of Advertising
- 14.07 Service Provider Participation in MGCS Promotional Programs
- 14.08 Limited Licence to Ontario Marks

### ARTICLE 15 – OTHER PRODUCTS AND SERVICES

- 15.01 Service Provider Acknowledgment and Authorization
- 15.02 Value-Added Services
- 15.03 Off-Site Services
- 15.04 Ancillary Products and Services
- 15.05 Discontinuance of Other Products and Services
- 15.06 Addition to Products and Services by MGCS

### ARTICLE 16 – OPERATIONAL FLEXIBILITY

- 16.01 Acknowledgment of MGCS
- 16.02 Modified Operation Hours
- 16.03 Co-Location of Private ServiceOntario Centre with Other Business
- 16.04 Clarification on Co-Location

**ARTICLE 17 – PRIVACY AND CONFIDENTIALITY**

- 17.01 Ontario Records and Ontario's Privacy Legislation
- 17.02 Compliance with MGCS Instructions
- 17.03 Service Provider's Obligations for Ontario Records and Personal Information
- 17.04 Prohibition on Service Provider's Use of Personal Information
- 17.05 Service Provider's Obligations for Ontario Confidential Information, Ontario Records and Personal Information
- 17.06 Employee Access to Ontario Records and Personal Information
- 17.07 Compliance and Monitoring
- 17.08 Service Provider to Advise and Notify
- 17.09 Investigations and Appeals
- 17.10 Injunctive and Other Relief

**ARTICLE 18 – ACCOUNTING AND FINANCIAL REPORTS**

- 18.01 Service Provider to Maintain Financial Record-Keeping System
- 18.02 Storage and Retention of Financial Records
- 18.03 Request for Reports by Province
- 18.04 Payment Card Industry (PCI) Data Security Standard (DSS) Compliance

**ARTICLE 19 – AUDIT**

- 19.01 MGCS's Right to Inspect or Audit
- 19.02 Service Provider to Co-Operate with MGCS's Authorized Representatives
- 19.03 Audit of Service Provider's Use of Systems
- 19.04 Receipt of Audit Report and Corrective Action
- 19.05 No Restrictions or Limitations on Remedies

**ARTICLE 20 – LIABILITY, INDEMNITY AND INSURANCE**

- 20.01 Service Provider Indemnity
- 20.02 Service Provider's Insurance
- 20.03 Proof of Insurance
- 20.04 Proof of W.S.I.A. Coverage
- 20.05 Service Provider Participation in Proceedings

**ARTICLE 21 – FORCE MAJEURE**

- 21.01 Notice of Force Majeure
- 21.02 Reasonable Procedures to Remedy Force Majeure
- 21.03 Notice of Potential Disruption
- 21.04 Business Continuity Plan

**ARTICLE 22 – ASSIGNMENT & SUBCONTRACTING**

- 22.01 Assignment by MGCS
- 22.02 Assignment by the Service Provider
- 22.03 Prohibition on Subcontracting
- 22.04 Assignment or Subcontracting Void
- 22.05 Conditional Request for Assignment

**ARTICLE 23 – SERVICE PROVIDERS THAT ARE CORPORATIONS OR PARTNERSHIPS**

- 23.01 Corporations
- 23.02 Partnerships

**ARTICLE 24 – SERVICE PROVIDERS WITH MULTIPLE OFFICES**

- 24.01 Multiple Private ServiceOntario Centres
- 24.02 Default Under Other Agreements

**ARTICLE 25 – DISPUTE RESOLUTION**

- 25.01 Dispute Resolution by Rectification Notice
- 25.02 Prior Rectification Notices

**ARTICLE 26 – DEFAULT AND TERMINATION**

- 26.01 Events of Default
- 26.02 Remedies for Events of Default
- 26.03 Failure to Exercise Remedies Not a Waiver
- 26.04 Termination on Notice
- 26.05 Termination for Non-Appropriation
- 26.06 Service Provider's Obligations on Termination
- 26.07 Authorization to Enter Premises
- 26.08 Termination in Addition to Other Rights
- 26.09 Compensation for Early Termination

**ARTICLE 27 – EXPIRY, EXTENSION AND RENEWAL**

- 27.01 Expiry and Extension of Agreement
- 27.02 Extension at MGCS's Option
- 27.03 Substitution of New Form of Agreement Upon Renewal
- 27.04 Service Provider's Obligations Upon Expiry

**SCHEDULE 1 – SERVICEONTARIO CENTRE DETAILS****SCHEDULE 2 – FORM OF GUARANTEE, INDEMNIFICATION & ACKNOWLEDGEMENT****SCHEDULE 3 – OUR SERVICE PRINCIPLES**



## ISSUING SERVICES AGREEMENT

**THIS AGREEMENT** for the delivery of Issuing Services in [INSERT CITY OR TOWN NAME] (the “Agreement”) is made in duplicate as of the [INSERT #] day of [INSERT MONTH], [INSERT YEAR],

BETWEEN:

**HER MAJESTY THE QUEEN** in right of Ontario  
as represented by the  
Minister of Government and Consumer Services

(referred to as “**MGCS**”)

AND

[INSERT LEGAL NAME OF SERVICE PROVIDER]

(referred to as the “**Service Provider**”)

**WHEREAS** MGCS issued an RFP and selected the Service Provider as a vendor of record to provide Issuing Services on a non-exclusive basis and only at the request of MGCS;

**AND WHEREAS** MGCS and the Service Provider entered into a Master Vendor’s Agreement effective [INSERT EFFECTIVE DATE OF MASTER AGREEMENT], which contains the terms and conditions regarding the Service Provider’s status as a vendor of record to provide Issuing Services pursuant to one or more agreements that authorize the Service Provider to deliver Issuing Services as an Service Provider for a specific Private ServiceOntario Centre;

**AND WHEREAS** the Ministry has selected the Service Provider to provide the Issuing Services as described herein;

In consideration of their respective agreements set out below, the parties covenant and agree as follows:

### ARTICLE 1 – INTERPRETATION AND GENERAL PROVISIONS

#### 1.01 **Defined Terms**

When used in the Agreement, including the schedules to the Agreement, the following capitalized words or expressions have the following meanings:

“**Affiliate**” has the same meaning as set out in the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;

“**Ancillary Products or Services**” has the meaning set out in **Subsection 15.01(c)** of this Agreement;

“**Authority**” means any government authority, agency, body or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Agreement; and “**Authorities**” means all such authorities, agencies, bodies and departments;

“**Business Continuity Plan**” has the meaning set out in **Section 21.04**.

**“Business Day”** means any working day, Monday to Friday inclusive, but excluding statutory holidays and Non-Statutory Holidays, namely: New Year's Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day and any other day which MGCS has elected to be closed for business;

**“Conflict of Interest”** means the Service Provider's other commitments, relationships or financial interests (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of the Service Provider's independent judgement; or (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of the Service Provider's obligations under this Agreement;

**“Effective Date”** means the effective date of this Agreement, which is the date first written above;

**“Electronic Funds Transfer”**, has the meaning set out in **Section 10.03**.

**“Employee”** means an employee, officer, agent, consultant, contractor, subcontractor and any other person engaged directly or indirectly by the Service Provider in the performance of the Issuing Services;

**“Expiry Date”** means [INSERT DATE] or, if the original term is extended, the final date of the extended term;

**“Fiscal Year”** means the period running from April 1 in one calendar year to, and including, March 31 in the next calendar year;

**“FIPPA”** means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended;

**“Force Majeure”** means any event beyond the reasonable control of either party that delays or interrupts the performance of any material obligation under this Agreement, including without limitation, an intervening act of God, act of the Queen's enemies, sabotage, civil commotion, interference by civil or military authorities, expropriation or confiscation of property or equipment by any governmental authority having jurisdiction, earthquake, epidemic, quarantine restriction, stop-work order or injunction issued by a court or governmental authority having jurisdiction, governmental embargo, strike, lockout, labour dispute or other labour protest, provided that such event is not otherwise specifically dealt with under this Agreement and does not arise by reason of: (a) the negligence or wilful misconduct of the party invoking such event or of those for whom it is in law responsible; (b) any act or omission in breach of the provisions of this Agreement by the party invoking such event, or by those for whom it is in law responsible; or (c) lack or insufficiency of funds;

**“Implementation Date”** means the date described in **Section 4.01** of this Agreement;

**“Indemnified Parties”** means each of the following and their directors, officers, advisors, agents, appointees and employees: Ontario and the members of the Executive Council of Ontario;

**“Initial Training Programme”** has the meaning set out in **Section 8.01** of this Agreement;

**“Instructions”** means a direction, order, instruction, or similar communication, whether oral or written;

**“Issuing Services”** means services pertaining to the issuance of products of the Government of Ontario and other related services, including without limitation driver and vehicle licensing transactions, health card transactions, the receipt and remission of payments for retail sales tax,

and any other similar or alternative services that MGCS has authorized the Service Provider to deliver;

“**Key Personnel**” has the meaning set out in **Section 7.03** of this Agreement;

“**Losses**” means liabilities, losses, costs, damages and expenses (including legal, expert and consulting fees);

“**MGCS Equipment**” means any electronic or other equipment, including, without limitation, computer workstations, supplied by MGCS to the Service Provider for the performance of the Issuing Services, but for avoidance of doubt, shall not include any utilities or utility infrastructure required for the functioning of the MGCS Equipment;

“**MGCS Representative**” means the individual identified in **Part A(i) of Schedule 1** to this Agreement;

“**MGCS Stock**” means any forms, applications, validation tags and other official supplies provided by MGCS to the Service Provider for the performance of the Issuing Services;

“**Non-Statutory Holidays**” means Easter Monday, Civic Holiday, Remembrance Day and any other day which MGCS has elected to be closed for business;

“**Off-Site Services**” has the meaning set out in **Subsection 15.01(b)** of this Agreement;

“**Ongoing Training**” has the meaning set out in **Section 8.02** of this Agreement;

“**Ontario**” means Her Majesty the Queen in right of Ontario;

“**Ontario Confidential Information**” means all information of Ontario, including the Instructions of MGCS, that is confidential by its nature or in the circumstances in which it is received, including all confidential information in the custody or control of MGCS, regardless of whether it is identified as confidential or not, and whether recorded or not, and however fixed, stored expressed or embodied, which comes into the knowledge, possession or control of the Service Provider in connection with this Agreement;

“**Ontario Data Base**” means any information and user interface system of Ontario that is accessed by the Service Provider using MGCS Equipment and which contains Personal Information and Ontario Records relating to the Issuing Services that MGCS has authorized the Service Provider to deliver;

“**Ontario Marks**” means any trade name, trade mark, insignia, symbol, logo, logo design, distinctive name, service mark, certification mark or other identification scheme owned or used by Her Majesty the Queen in right of Ontario;

“**Ontario’s Privacy Legislation**” means any statute or regulation enacted by the legislative assembly of the Province of Ontario that pertains to the collection, use or disclosure of Personal Information, which includes FIPPA and PHIPA;

“**Ontario Records**” means any recorded information in the custody or control of a Ministry of Ontario and, for avoidance of doubt, includes Personal Information, information provided by customers on Ontario forms, and information contained in any Ontario Data Base. For the purposes of this definition, recorded information is under the control of a Ministry of Ontario if it is integral to the performance of the Issuing Services and (a) the Service Provider is required to manage, use or dispose of the recorded information in the performance of the Issuing Services;

or (b) a Ministry of Ontario is obliged by the Requirements of Law or by an agreement to manage the recorded information;

**“Operational Directives”** means any directives, policies, manuals, memoranda, bulletins or similar documents, whether in paper-based or electronic form, which may be issued by MGCS from time-to-time to govern the performance of the Issuing Services;

**“Person”** if the context allows, includes any individuals, persons, firms, partnerships or corporations or any combination thereof;

**“Personal Health Information”** has the same definition as in Section 4 of PHIPA, as may be amended from time to time;

**“Personal Information”** means information about an identifiable individual or that may identify an individual, and includes Personal Health Information;

**“PHIPA”** means the *Personal Health Information Protection Act, 2004*, S.O. 2004, c. 3, Sched. A, as amended;

**“Private ServiceOntario Centre”** means a privately-run ServiceOntario centre operated by an independent service provider under an agreement with her Majesty the Queen in Right of Ontario;

**“Proceeding”** means any cause of action, action, claim, demand, lawsuit, or other proceedings;

**“Premises”** means the premises from which the Issuing Services are to be performed, as approved by MGCS pursuant to **Section 5.01** of this Agreement and described in **Part B of Schedule 1** to this Agreement, or any premises substituted for such premises pursuant to **Section 5.06** or **Section 5.07** of this Agreement;

**“Public”** means the residents of the Province of Ontario that require access to the Issuing Services that are provided by the Service Provider Network;

**“Revenue”** means all payments (including, without limitation, cheques, money orders, bank drafts and other payment items, whether paper-based, electronic or otherwise, and all proceeds of payment items, in whatever form) received by the Service Provider in the course of performing the Issuing Services.

**“Requirements of Law”** mean all applicable requirements, laws, statutes, codes, acts, ordinances, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorisations, directions, and agreements with all Authorities that now or at any time hereafter may be applicable to either the Contract or the Issuing Services or any part of them;

**“Security Clearance Check”** has the meaning set out in **Section 13.01** of this Agreement;

**“Service Provider Network”** means the network of authorized private service providers who operate ServiceOntario centres on behalf of ServiceOntario in the Province of Ontario;

**“Service Provider-Specific Advertising”** has the meaning set out in **Section 14.05** of this Agreement;

**“Standard Operating Hours”** has the meaning set out in **Section 4.06** of this Agreement;

**“Substitute Premises”** has the meaning set out in **Section 5.06** of this Agreement;

“**Term**” means the period of time from the effective date first above written up to and including the earlier of: (i) the Expiry Date or (ii) the date of termination of the Agreement in accordance with its terms; and

“**Third-Party Advertising**” has the meaning set out in **Section 14.04** of this Agreement;

“**Value-Added Services**” has the meaning set out in **Subsection 15.01(a)** of this Agreement;

**1.02 No Indemnities from Ontario**

Notwithstanding anything else in the Agreement, any express or implied reference to MGCS or Ontario providing an indemnity or any other form of indebtedness or contingent liability that would directly or indirectly increase the indebtedness or contingent liabilities of MGCS or Ontario, whether at the time of execution of the Agreement or at any time during the Term of the Agreement, shall be void and of no legal effect.

**1.03 Entire Agreement**

The Agreement embodies the entire agreement between the parties with regard to the provision of the Issuing Services by the Service Provider and supersedes any prior understanding or agreement, collateral, oral or otherwise, with respect to the provision of said services, existing between the parties at the date of execution of the Agreement.

**1.04 Schedules and Interpretive Value of Agreement Documents**

The following schedules form an integral part of this Agreement:

**Schedule 1 – Private Service Ontario Centre Details**

**Schedule 2 – Form of Guarantee, Indemnification and Acknowledgment**

**Schedule 3 – Our Service Principles**

In the event of a conflict or inconsistency in any provisions in the Agreement, the main body of the Agreement shall govern over the schedules to the Agreement.

**1.05 Interpretive Value of Headings**

The headings in the Agreement are for convenience of reference only and in no manner modify, interpret or construe the Agreement.

**1.06 Severability**

If any term or condition of the Agreement, or the application thereof to the parties or to any Persons or circumstances, is to any extent invalid or unenforceable, the remainder of the Agreement, and the application of such term or condition to the parties, Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby.

**1.07 Notices by Prescribed Means**

Notices shall be in writing and shall be delivered by postage-prepaid envelope, courier, personal delivery or facsimile and shall be addressed to the representatives of each party. Notices shall be deemed to have been given (a) in the case of postage-prepaid envelope, five (5) Business Days after such notice is mailed; or (b) in the case of personal delivery, courier or facsimile one (1) Business Day after such notice is received by the other party. In the event of a postal disruption, notices must be given by personal delivery or by facsimile. Unless the parties expressly agree in writing to additional methods of notice, notices may only be provided by the methods contemplated in this paragraph.

**1.08 Representatives May Bind the Parties**

The parties represent that their respective representatives have the authority to legally bind them to the extent permissible by the Requirements of Law.

- 1.09 **Condonation Not a Waiver**  
Any failure by MGCS to insist in one or more instances upon strict performance by the Service Provider of any of the terms or conditions of the Agreement shall not be construed as a waiver by MGCS of its right to require strict performance of any such terms or conditions, and the obligations of the Service Provider with respect to such performance shall continue in full force and effect.
- 1.10 **Changes by Written Amendment Only**  
Any changes to the Agreement shall be by written amendment signed by the parties. No changes shall be effective or shall be carried out in the absence of such an amendment.
- 1.11 **Agreement Binding**  
The Agreement shall enure to the benefit of and be binding upon the parties and their successors, executors, administrators and their permitted assigns.
- 1.12 **Governing Law**  
This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 1.13 **Consent and Approvals**  
Where the Agreement refers to any consent, approval or permission, designation, requirement, judgment, opinion or discretion on the part of a party, the same shall be given, granted, determined, required or exercised without undue delay.

## **ARTICLE 2 – AUTHORIZATION BY MGCS**

- 2.01 **Authorization to Deliver Issuing Services**  
MGCS hereby authorizes the Service Provider, and the Service Provider hereby agrees, to perform the Issuing Services for and on behalf of MGCS in accordance with the terms and conditions of this Agreement.
- 2.02 **Volume of Work and Non-Exclusivity**  
The Service Provider acknowledges and agrees that MGCS has authorized the Service Provider to perform the Issuing Services on a non-exclusive basis and that MGCS makes no representation regarding the volume of work to be completed by the Service Provider; and that MGCS reserves the right to:
- (a) perform the Issuing Services using MGCS's own personnel from MGCS's own premises;
  - (b) contract with other parties for the performance of the Issuing Services, including, without limitation, through other Private ServiceOntario Centres; and
  - (c) use alternative service delivery channels to deliver the Issuing Services, including, without limitation, through electronic kiosks and the internet.

And the rights of MGCS reserved in this paragraph may be exercised by MGCS regardless of the proximity to the Service Provider's Private ServiceOntario Centre.

## **ARTICLE 3 – NATURE OF BUSINESS RELATIONSHIP**

- 3.01 **No Partnership, Agency or Employment Relationship**  
The Service Provider shall have no power or authority to bind MGCS or to assume or create any obligation or responsibility, express or implied, on behalf of MGCS. The Service Provider shall

not hold itself out as an agent, partner or employee of MGCS. Nothing in this Agreement shall have the effect of creating an employment, partnership or agency relationship between MGCS and the Service Provider (or any of the Service Provider's directors, officers, employees, agents, partners, affiliates, volunteers or subcontractors) or constitute an appointment under the *Public Service of Ontario Act, 2006*, S.O. 2006, Chapter 35, as amended.

**3.02 Business Risk**

The Service Provider acknowledges and agrees as follows:

- (a) The business venture contemplated in this Agreement involves business risks. By entering into this Agreement, the Service Provider voluntarily accepts all risks associated with the commitments made, and costs incurred, by the Service Provider in connection with this Agreement, including the possibility that MGCS may terminate this Agreement, pursuant to its right in **Section 26.04** of this Agreement, before the Service Provider has had an opportunity to recover all of the Service Provider's investment and costs.
- (b) The Service Provider has not received from MGCS or Ontario, directly or indirectly, any inducements, representations, warranties, promises, assurances, undertakings, agreements or commitments, whether direct, indirect or collateral, express or implied, oral or otherwise, except as expressly set out in this Agreement. The Service Provider specifically acknowledges that no representation, promise, guarantee or warranty concerning the result or profits to be derived from the performance of the Issuing Services has been made to induce the Service Provider to execute this Agreement.
- (c) The Service Provider has conducted an independent investigation of, and has been advised by business and legal advisors of the Service Provider's own choosing concerning all pertinent aspects of the business venture and relationship with MGCS contemplated in this Agreement.

**3.03 Reliance by Ontario**

In entering into this Agreement with the Service Provider, MGCS has relied on the provisions of this **Article 3**, including the acknowledgment and agreement of the Service Provider contained in **Section 3.02** of this Agreement.

**3.04 Duty to Disclose Change in Control**

In the event that the Service Provider undergoes a change in control the Service Provider shall immediately disclose such change in control to MGCS and shall comply with any terms and conditions subsequently prescribed by MGCS resulting from the disclosure.

**ARTICLE 4 – PERFORMANCE BY SERVICE PROVIDER**

**4.01 Commencement of Issuing Services**

The Service Provider shall commence performance of the Issuing Services on a date which shall be agreed upon in writing by MGCS and the Service Provider, but shall not be later than ninety (90) days after the Effective Date and delivery of this Agreement (the "Implementation Date").

**4.02 Performance of Issuing Services**

The Service Provider shall perform the Issuing Services in a diligent, skilful, competent, and reputable manner that promotes MGCS's desire to maintain mutual courtesy and respect in dealings between MGCS and its customers and provides confidence and respect in the Service Ontario brand. In addition, the Service Provider shall perform the Issuing Services in compliance with the following:

- (a) the Operational Directives, including MGCS's reporting requirements;
- (b) all Instructions of MGCS concerning the Issuing Services;
- (c) the Requirements of Law;
- (d) the Instructions of any Authority acting pursuant to the Requirements of Law;
- (e) the "Our Service Principles" pursuant to **Schedule 3** of this Agreement; and
- (f) the other provisions of this Agreement.

#### 4.03 **Customer Complaints**

Any customer or Public complaints received with respect to the Service Provider or the Service Provider's performance of the Issuing Services, including, without limitation, complaints described in **Subsection 17.08(d)** of this Agreement, are to be resolved in accordance with the procedures and protocol contained in the Operational Directives and in the Instructions of MGCS. Without limitation, the Service Provider and its employees shall co-operate with MGCS and its representatives, and, to the extent that complaints are received by any Authorities, the office of such Authority and its representatives, in the investigation and resolution of any such complaints.

#### 4.04 **French Language Services**

If the Premises are situated in an area of the Province of Ontario which has been designated in the Schedule to the *French Language Services Act*, R.S.O. 1990 c. F.32, or serves such designated area, MGCS may, at its unqualified subjective discretion, require that the Service Provider comply with any or all of the following requirements:

- (a) that any person may communicate with the Employees at the Premises in both the French and English languages;
- (b) that any person may receive equal access to Issuing Services in both French and English languages during all hours of operation;
- (c) that signs in a bilingual format (French/English) or in both languages are posted in conspicuous locations; forms and all materials, publications, official documents intended for the public are available in a bilingual format or in both French and English;
- (d) if any particular ServiceOntario centre temporarily does not offer services in both French and English, a notice is shall be posted (in both French and English or in a bilingual format) in a conspicuous location on the Premises indicating the location where French Language Services are available; and
- (e) the Service Provider's requirement to deliver the Issuing Services in both the French and English languages shall be noted in **Part F of Schedule 1** to this Agreement.

#### 4.05 **Accessibility Requirements**

The Service Provider's delivery of the Issuing Services shall comply with all applicable requirements, specifications and standards for accessibility established in accordance with the *Accessibility for Ontarians with Disabilities Act, 2005*, S.O. 2005 c. 11 and any regulations made thereto.

#### 4.06 **Standard Operating Hours**



The Service Provider shall continuously and actively perform the Issuing Services from the Premises during the hours of operation set out in **Part D of Schedule 1** to this Agreement (the "Standard Operating Hours"), which may be modified at MGCS's unqualified subjective discretion. The Standard Operating Hours shall be posted by the Service Provider in a conspicuous position on the Premises. In the event that MGCS approves, pursuant to **Section 16.02** of this Agreement, a request by the Service Provider to vary from Standard Operating Hours, the responsibilities of the Service Provider under this **Section 4.06** shall apply to the modified operating hours.

**4.07 Unscheduled and Scheduled Temporary Closing**

The Service Provider shall notify MGCS immediately of any unscheduled closing of the Service Provider's Private ServiceOntario Centre due to sickness, accident or any other unforeseen cause, and make every reasonable effort to resume operation of the Service Provider's Private Issuing Office as soon as practicable using the Service Provider's Business Continuity Plan as defined in **Section 1.01** and further prescribed in **Section 21.04**. For scheduled temporary closings of the Service Provider's Private ServiceOntario Centre, the Service Provider shall:

- (a) obtain the prior approval of MGCS for any temporary closure of the Service Provider's Private ServiceOntario Centre due to vacation, or for any other foreseeable cause, but excluding closure for Non-Statutory Holidays; or
- (b) provide notice to MGCS, pursuant to the Operational Directives and the Instructions of MGCS, for any temporary closure for Non-Statutory Holidays.

Notice of closure of the Service Provider's Private ServiceOntario Centre shall be posted in a conspicuous position on the Premises, regardless of whether the closure is unscheduled or scheduled.

**4.08 Conflict of Interest and Performance of the Issuing Services**

The Service Provider shall devote full time and attention to the management and performance of the Issuing Services and to the operation of the Service Provider's Private ServiceOntario Centre, or ensure that the Key Personnel devote full time and attention to the management and performance of the Issuing Services and to the operation of the Service Provider's Private ServiceOntario Centre, and the Service Provider shall:

- (a) avoid any Conflict of Interest in the performance of the Service Provider's obligations under this Agreement;
- (b) disclose to MGCS without delay any actual or potential Conflict of Interest that arises during the performance the Service Provider's contractual obligations; and
- (c) comply with any requirements prescribed by MGCS to resolve any Conflict of Interest identified.

In addition to all other contractual rights or rights available at law or equity, MGCS may immediately terminate this Agreement upon giving notice to the Service Provider where:

- (i) the Service Provider fails to disclose an actual or potential Conflict of Interest;
- (ii) the Service Provider fails to comply with any requirements prescribed by MGCS to resolve a Conflict of Interest; and
- (iii) the Service Provider's Conflict of Interest cannot be resolved.

This paragraph shall survive the termination or expiry of the Agreement.

**4.09 Payment of Taxes and Duties**

The Service Provider shall be responsible for paying all applicable taxes incurred by or on the Service Provider's behalf with respect to this Agreement.

**4.10 Adherence to Common Service Standards**

The Service Provider shall adhere to the service standards, with respect to responding to telephone calls, emails and wait times as further described in the Operational Directives and Instructions of MGCS.

**ARTICLE 5 – PREMISES**

**5.01 Establishment of Premises**

The Service Provider, at the Service Provider's own expense, shall establish and maintain the Premises at the address specified in **Part B of Schedule 1** to this Agreement, and shall perform the Issuing Services, only on the Premises and at no other location, except for those services that MGCS has approved the delivery of pursuant to **Section 15.03** of this Agreement.

**5.02 Premises Operating Costs**

Except as expressly stated in this Agreement the Service Provider shall be responsible for providing all fixtures, furniture, equipment and utilities and utility infrastructure required for the operation of the Private ServiceOntario Centre and the performance of the Issuing Services, including the mandatory equipment listed in **Part E of Schedule 1** to this Agreement or otherwise required in accordance with the Operational Directives or Instructions of MGCS.

**5.03 Proof of Occupancy of Premises**

Within 60 days of the Effective Date, the Service Provider shall provide MGCS with evidence satisfactory to MGCS that the Service Provider:

- (a) is the registered owner of the Premises; or
- (b) has entered into a duly executed lease agreement granting the Service Provider a leasehold interest in the Premises, including the right to perform the Issuing Services from the Premises during the Term.

**5.04 Compliance with Standards**

The Service Provider shall ensure that the condition and appearance of the Premises are at all times suitable for the performance of the Issuing Services. The Premises shall comply with:

- (a) all specifications, standards and requirements for Private ServiceOntario Centres, as more particularly set out in the Operational Directives or in the Instructions of MGCS, to the satisfaction of MGCS; and
- (b) the Requirements of Law, including, without limitation, all applicable municipal by-laws and building codes.

**5.05 Maintenance and Repair of Premises**

The Service Provider shall, at the Service Provider's own cost, maintain and repair the Premises and the fixtures, furnishing and equipment contained in, or installed on, the Premises as is required to ensure the safety of any Person, including the Employees, in or around the Premises, and that the appearance of the Premises is suitable for the conduct of the Issuing Services. Maintenance and repairs shall include, without limitation:

- (a) replacement of worn-out or obsolete fixtures, furnishings, equipment and signs;

- (b) repair of the interior and exterior of the Premises; or
- (c) cleaning, painting and decorating the Premises.

**5.06 Relocation of Premises by Service Provider**

The Service Provider may relocate the Service Provider's Private ServiceOntario Centre from the Premises to an alternative location (the "Substitute Premises") provided that:

- (a) MGCS approves the Substitute Premises and the Service Provider complies with all instructions of MGCS relating to the relocation of the Service Provider's Private ServiceOntario Centre to the Substitute Premises;
- (b) the Substitute Premises complies with all provisions of this Agreement, the Operational Directives and the Instructions of MGCS relating to the Premises;
- (c) all costs associated with the relocation to the Substitute Premises are the responsibility of the Service Provider, except for those costs associated with disconnecting and reconnecting MGCS Equipment, the costs of which shall be the responsibility of MGCS, subject to any limitations included in the Operational Directives or the Instructions of MGCS.

**5.07 Relocation of Premises by MGCS**

If MGCS requires, for any reason, the relocation of the Service Provider's Private ServiceOntario Centre, MGCS shall notify the Service Provider in writing, and the Service Provider shall relocate the Service Provider's Private ServiceOntario Centre from the Premises to the Substitute Premises, within the period identified in the written notice. The costs of any relocation required by MGCS shall be the responsibility of:

- (a) the Service Provider, where the relocation is necessitated by action or default of the Service Provider; or
- (b) MGCS, where the relocation is not necessitated by action or default of the Service Provider, in which case MGCS shall compensate the Service Provider for any direct costs and expenses that are reasonable and pre-approved, in writing, by MGCS, and that are actually incurred by the Service Provider as a result of such relocation.

All costs and expenses referred to in paragraph (b), above, must be properly itemized and documented by the Service Provider and, for the avoidance of doubt, shall not include any indirect or consequential damages, or claims for lost profit.

**ARTICLE 6 – OPERATIONAL DIRECTIVES**

**6.01 Ownership and Confidentiality of Operational Directives**

The Service Provider acknowledges that the Operational Directives are Ontario Confidential Information and are loaned to the Service Provider but shall at all times remain the sole and exclusive property of MGCS. For avoidance of doubt, the Service Provider's obligations under **Section 17.05** of this Agreement shall apply to the Operational Directives. Upon the expiry of the Term or termination for any reason of this Agreement, the Service Provider shall return all copies of the Operational Directives in accordance with **Subsection 17.05(f)** of this Agreement.

**6.02 Evolution of Operational Directives**

The Service Provider further acknowledges that the Issuing Services, and the techniques and methodologies for performing the Issuing Services, will continue to evolve. Accordingly, MGCS

may, from time to time, revise the Operational Directives to incorporate any changes, modifications and additions. As the Operational Directives are revised, the Service Provider shall immediately update any copies of the Operational Directives that are kept by the Service Provider upon their receipt, and concurrently remove and destroy the superseded Operational Directives in a secure manner consistent with the Instructions of MGCS. The Service Provider expressly covenants and agrees to accept, implement, and comply with all revisions made to the Operational Directives.

## **ARTICLE 7 – EMPLOYEES AND KEY PERSONNEL**

### **7.01 Service Provider Responsible for Employees**

The Service Provider shall, at the Service Provider's own expense, in accordance with the Operational Directives and any Instructions of MGCS:

- (a) recruit, employ or otherwise engage, supervise and be solely responsible for all Employees necessary for the operation of the Service Provider's Private ServiceOntario Centre, and to enable the Service Provider properly and efficiently to perform the Issuing Services;
- (b) properly train the Employees in correct procedures for the performance of the Issuing Services;
- (c) ensure, at all times, that there are sufficient numbers of qualified Employees on duty to accommodate customer service requirements without interruption;
- (d) ensure that all requirements of **Article 13 (Contractor Security Screening)** that are applicable to Employees are met; and
- (e) provide to MGCS, upon request, all relevant evidence that MGCS may require with respect to the background, qualifications and training of each Employee.

### **7.02 Report to Province**

The Service Provider shall inform MGCS of any behaviour on the part of an Employee that casts doubt on that Employee's fitness to perform the Issuing Services, immediately upon the Service Provider's becoming aware of the behaviour. MGCS may at any time, in its unqualified subjective discretion, require the Service Provider to prohibit any Employee from performing all or any part of the Issuing Services. Such requirement may include, but is not limited to, prohibiting any Employee from accessing any Ontario Data Base, Ontario Records or Personal Information or Ontario Confidential Information. In these events, MGCS may also permanently remove the Employee's electronic access the Ontario Data Base.

### **7.03 Designation of Key Personnel**

In order to promote the efficient organization, implementation and delivery of the Issuing Services, the Service Provider shall designate at least one (1) Employee who will perform supervisory, oversight and training functions, and to liaise with MGCS in the implementation and performance of the Issuing Services (the "Key Personnel"), and the Service Provider shall:

- (a) ensure that all Key Personnel have any training, designations and credentials required by the Requirements of Law or by MGCS from time to time;
- (b) cause all Key Personnel to devote all time, efforts and attention necessary for the efficient operation of the Service Provider's Private ServiceOntario Centre;

- (c) cause the operation of the Service Provider's Private ServiceOntario Centre to be at all times under the direct, on site supervision of Key Personnel or, in the event of the temporary absence of reasonable duration of the Key Personnel, of a competent Employee; and
- (d) provide MGCS with a list identifying all Key Personnel including:
  - (i) name;
  - (ii) position;
  - (iii) phone number;
  - (iv) email address where named individual may be reached during the Standard Operating Hours;

and describing their respective responsibilities as they relate to the Issuing Services.
- (e) promptly provide MGCS with an updated list from time to time reflecting any changes made to the Key Personnel or their positions or responsibilities.

**7.04 Service Provider as Key Personnel**

The Service Provider may be designated as the Key Personnel pursuant to **Section 7.03** of this Agreement provided that the Service Provider is able to perform the functions of the Key Personnel described in that section and the Service Provider is not similarly designated under an agreement described in **Section 24.01** of this Agreement. If the Service Provider is similarly designated under an agreement described in **Section 24.01** of this Agreement, the Service Provider shall designate at least one (1) other Employee as Key Personnel under this Agreement.

**7.05 Substitution of Key Personnel**

Due to the integral role of the Key Personnel in delivering the Issuing Services authorized by MGCS, the Service Provider agrees that if MGCS determines, for whatever reason and at its sole discretion, that any individual designated by the Service Provider as the Key Personnel is unqualified, unavailable, or otherwise unacceptable to carry out the responsibilities of the Key Personnel, that the Service Provider will promptly substitute another individual to perform the duties of the Key Personnel.

**ARTICLE 8 – TRAINING AND OPERATING ASSISTANCE**

**8.01 Initial Training Programme**

Prior to the commencement of performance of the Issuing Services by the Service Provider, MGCS will provide such training to the Service Provider or the Key Personnel, as MGCS in its unqualified subjective discretion considers necessary to enable the Service Provider to perform the Issuing Services (the "Initial Training Programme"). The Initial Training Programme shall be conducted at such times and places within the province of Ontario as MGCS may specify. As directed by MGCS, the Service Provider or the Key Personnel shall attend, participate in and successfully complete the Initial Training Programme, all to MGCS's satisfaction. The Service Provider shall not commence the performance of the Issuing Services prior to the successful completion of the Initial Training Programme.

**8.02 Ongoing Training**

From time to time after the completion of the Initial Training Programme, MGCS will provide additional training to the Service Provider or the Key Personnel, or both, as MGCS in its unqualified subjective discretion considers necessary for the performance of the Issuing Services

(the "Ongoing Training"). The Ongoing Training shall be conducted at such times and places within the province of Ontario as MGCS may specify. Where MGCS designates any Ongoing Training as mandatory, the Service Provider and the Key Personnel shall attend, participate in and successfully complete any Ongoing Training, all to MGCS's satisfaction.

**8.03 Service Provider Responsible for Expenses**

The Service Provider shall be responsible for all travel, accommodation and living expenses, as well as all wages payable to the Key Personnel, associated with the attendance by the Service Provider and the Key Personnel at the Initial Training Programme and any Ongoing Training. No such costs or wages shall be payable by MGCS.

**8.04 Continuing Advice and Guidance**

Following the commencement of performance of the Issuing Services by the Service Provider, MGCS shall furnish to the Service Provider such continuing advice and guidance as MGCS in its unqualified subjective discretion considers necessary for the performance of the Issuing Services. Such advice and guidance may include provision of telephone and electronic-based support for the conduct of the Issuing Services, or the processing of specific transactions in association with the Issuing Services, and the proper function of the MGCS Equipment.

**8.05 Service Provider Responsible for Training Employees**

For avoidance of doubt, pursuant to **Section 7.01** of this Agreement, the Service Provider shall be responsible for ensuring that all Employees at the Service Provider's Private ServiceOntario Centre are properly trained to perform the Issuing Services.

**ARTICLE 9 – SERVICE PROVIDER'S COLLECTION OF PROVINCIAL REVENUE**

**9.01 Collection, Handling and Remittance to Ontario**

The Service Provider shall collect, handle and remit the Revenue received in the performance of the Issuing Services in accordance with this Agreement, the applicable Requirements of Law, the policies and procedures set out in the Operational Directives and any Instructions of MGCS, as the case may be.

**9.02 All Revenue Held in Trust**

Unless otherwise specified in the Operational Directives or the Instructions of MGCS, all payments received by the Service Provider in the course of performing the Issuing Services are public monies, belonging to Her Majesty the Queen in Right of Ontario and are subject to the provisions of the *Financial Administration Act*, R.S.O. 1990, c. F.12, as amended. The Service Provider shall receive and hold all Revenues in trust for Her Majesty the Queen in Right of Ontario and, until remitted by the Service Provider in accordance with this Agreement, such Revenues shall be treated and separately accounted for as trust property.

**9.03 Handling of Revenue**

When collecting Revenue in any form, the Service Provider shall:

- (a) comply with the policies contained in the Operational Directives and Instructions of MGCS in respect of the acceptance of Revenue, including in the form of cash, credit cards, debit cards, cheques, money orders or bank drafts; and
- (b) be fully responsible, and immediately upon demand of MGCS, reimburse Her Majesty the Queen in right of Ontario for any dishonoured cheque, money order or bank draft, whether or not payable to the Minister of Finance, where the Service Provider has not complied with the policy contained in the Operational Directives or the Instructions of MGCS respecting the acceptance of cheques, money orders and bank drafts.

9.04 **Protection of Revenue**

The Service Provider shall properly protect all Revenue in accordance with security procedures set out in **Section 12.01** of this Agreement, and the Operational Directives and the Instructions of MGCS, and shall, immediately upon the earlier of:

- (a) the accumulation of the maximum amount of cash Revenue stipulated in the Operational Directives; or
- (b) the time of day stipulated in the Operational Directives during each day in which the Service Provider's Private ServiceOntario Centre is in operation;

deposit all accumulated cash Revenue at a bank to the credit of the Minister of Finance, and in accordance with the Instructions of MGCS.

9.05 **Liability for Lost Revenue**

The Service Provider shall be fully responsible, and shall reimburse Her Majesty the Queen in Right of Ontario, for any Revenue lost through:

- (a) any intentional wrongdoing or negligent act or omission of the Service Provider including, without limitation, the Employees, or
- (b) the failure of the Service Provider including, without limitation, the Employees to comply with the provisions of this **Article 9**, the Operational Directives or the Instructions of MGCS concerning the acceptance, handling and deposit of Revenue;

and the liabilities of the Service Provider in this section are in addition to any other liabilities of the Service Provider pursuant to this Agreement, or otherwise at law or equity.

9.06 **Robbery or Theft**

The Service Provider shall be responsible, and shall reimburse Her Majesty the Queen in Right of Ontario for Revenue lost through robbery or theft unless all of the following conditions have been met:

- (a) the amount which has been lost does not exceed the maximum amount of cash Revenue stipulated in the Operational Directives;
- (b) the Service Provider has complied with the provisions of this **Article 9**, including without limitation the Operational Directives, and the Instructions of MGCS concerning the acceptance, handling and remittance of Revenue;
- (c) pursuant to **Section 12.02** of the Agreement, a report of the occurrence of the robbery or theft has been made to the local law enforcement agency, and a resulting police occurrence report is provided to MGCS by the Service Provider; and
- (d) the loss of the Revenue is not in any way attributable to any intentional wrongdoing or negligent act or omission the Service Provider including, without limitation, the Employees.

but the Service Provider shall remain responsible for any monies lost through robbery or theft that are not Revenue or that belong to the Service Provider, including, without limitation, any compensation collected by the Service Provider pursuant to **Article 10 (Compensation and MGCS Assistance)** of this Agreement, or any monies collect by the Service Provider for delivering other products and services pursuant to **Section 15.02, Section 15.03 and Section 15.04** of this Agreement.

9.07 **Interest on Late Payment**

Any amounts owed by the Service Provider which are not paid in full when due shall bear interest charged at the maximum rate per annum fixed by order of the Lieutenant Governor in Council of the Province of Ontario pursuant to subsection 10(4) of the *Financial Administration Act*, R.S.O. 1990, c. F.12, as amended.

9.08 **No Withholding of Revenue**

The Service Provider shall not, on grounds of any alleged non-performance by MGCS of any of its obligations, withhold payment of any amounts due under this Agreement, including without limitation the remission of any Revenue.

**ARTICLE 10 – COMPENSATION AND MGCS ASSISTANCE**

**TBD**

**ARTICLE 11 – MGCS EQUIPMENT AND MGCS STOCK**

11.01 **Provision Equipment and Stock**

Subject to **Section 11.03** of this Agreement, MGCS shall at its own cost and in accordance with the Operational Directives and the Instructions of MGCS:

- (a) install on the Premises, and thereafter repair and maintain, such MGCS Equipment; and
- (b) provide such MGCS Stock

as MGCS considers necessary to enable the Service Provider to meet the service delivery needs of the community in which the Service Provider's Private ServiceOntario Centre is located. The Service Provider shall have no right title or interest in any MGCS Equipment and MGCS Stock. For avoidance of doubt, all MGCS Equipment and MGCS Stock shall remain the property of MGCS at all times.

11.02 **Limited Use by Service Provider**

The Service Provider shall only use MGCS Equipment and MGCS Stock in accordance with the Operational Directives and Instructions of MGCS, and for no other purpose than the performance of the Issuing Services.

11.03 **Service Provider Responsible for Damaged Equipment or Lost Stock**

Notwithstanding **Section 11.01** of this Agreement, the Service Provider shall pay to MGCS, immediately upon receipt of the applicable invoice, for:

- (a) the repair or replacement cost of any MGCS Equipment which is damaged, lost or stolen while in the possession or care of the Service Provider, regardless of negligence or fault; and
- (b) the value, as determined by MGCS, of any MGCS Stock which is lost or stolen while in the possession or care of the Service Provider where the Service Provider has failed to comply with any security obligations and procedures contained in the Operational Directives and the Instructions of MGCS, or where the loss or theft is attributable to any intentional wrongdoing or negligent act or omission of the Service Provider, including the Employees.

11.04 **Reduction, Re-location and Addition of Workstations**



The Service Provider shall operate the number of workstations as directed by MGCS and shall not reduce, add to, or re-locate any work stations without the prior approval of MGCS. MGCS may remove from the Premises any MGCS Equipment which is not being utilized by the Service Provider.

## **ARTICLE 12 – SECURITY**

### **12.01 Security Procedures and Protocols**

The Service Provider shall follow all procedures and protocols contained in the Operational Directives and in the Instructions of MGCS, and the requirements in respect of security contained in **Section 17.03** of this Agreement, to ensure the protection of Revenue, MGCS Equipment, MGCS Stock, Ontario Confidential Information, Ontario Records and Personal Information, and take all reasonable precautions to ensure the security of the Premises, which may include, without limitation, the installation and maintenance (at the Service Provider's own cost) of video surveillance systems, intrusion alarms, security cabinets, and other applicable security devices.

### **12.02 Service Provider to Report Security Breaches**

Should theft, robbery, unresolved Revenue discrepancies or any other breach of security occur with respect to the Premises or the Issuing Services, the Service Provider shall immediately notify the local law enforcement agencies and MGCS.

### **12.03 Inspection by MGCS**

The Service Provider shall permit MGCS's authorized representatives to inspect the Premises, without notice and during the Standard Operating Hours, to determine whether sufficient measures are in place to ensure the protection of Revenue, MGCS Equipment, MGCS Stock, Ontario Confidential Information, Ontario Records and Personal Information. The Service Provider shall, at the Service Provider's own cost, correct any deficiencies in security identified during any security inspection conducted pursuant to this **Section 12.03**.

## **ARTICLE 13 – CONTRACTOR SECURITY SCREENING**

### **13.01 Security Clearance Checks**

"Security Clearance Check" includes all of the following:

- (a) A written declaration by an individual disclosing any unresolved charges and previous convictions under the offence provisions of federal statutes, including but not limited to the Criminal Code (Canada), for which a pardon under the Criminal Records Act (Canada) has not been granted;
- (b) A police records check through the Canadian Police Information Centre and provincial and municipal police force records for information about the individual in relation to:
  - (i) convictions under the offence provisions of federal statutes, including but not limited to the Criminal Code (Canada), for which a pardon under the Criminal Records Act (Canada) has not been granted;
  - (ii) findings of guilt in relation to federal statutes for which a court has granted a discharge;
  - (iii) charges laid under the offence provisions of any federal statutes that are unresolved; and,
  - (iv) records of judicial orders in effect made in relation to the offence provisions of federal statutes;

- (c) A police records check in other jurisdictions as deemed necessary by the MGCS;
- (d) if deemed necessary by MGCS considering the circumstances of the Issuing Services, provide MGCS the result of a completed driving records check;
- (e) any other Security Clearance Check as deemed necessary by the Ministry at its sole discretion.

**13.02 Cost for Security Clearance Checks**

The Service Provider shall obtain the Security Screening Checks set out above at its own cost through the local police, or an RCMP accredited third party agency.

**13.03 Service Provider to Obtain Security Clearance Checks**

On notification from MGCS, the Service Provider shall during the Term:

- (a) provide to MGCS, completed Security Clearance Checks for all persons engaged in the performance of the services who are either not cleared or for whom a renewal is required. This includes agents and subcontractors who are or will be engaged in providing the Issuing Services.
- (b) All Security Clearance Checks shall be provided in form and content acceptable to MGCS and shall include all required consents.
- (c) If a person or company has been deemed by the Ministry to require a Security Clearance Check they shall not engage in the performance of the services unless they have been provided a Security Clearance Check by the MGCS.

Security Clearance Checks are not provided in perpetuity and are subject to revocation by the Ministry at its sole discretion at any time. Security Clearance Checks shall be renewed at the intervals as may be specified by MGCS, including, without limitation, upon MGCS's authorization of the Service Provider to conduct new transactions as part of the Issuing Services.

**13.04 Notification of Changes**

During the Term, the Service Provider shall ensure that within five (5) Business Days of any change to:

- (a) any information provided as part of a Security Clearance Check process;
- (b) the Service Provider notifies MGCS of changes in partners, directors, officers and shareholders as requested by the MGCS, and of employees, agents and subcontractors who are or will be engaged in performing the Issuing Services;
- (c) The MGCS shall assess the above information and may instruct the Service Provider to comply with any instructions arising which may include requests for provision of information to amend existing Security Clearance Checks or provide for new Security Clearance Checks.

**13.05 Default of Security Clearance Check Requirements**

During the Term, the Service Provider shall be in default under this Agreement if they fail to comply with the requirements of this Article including and not limited to:

- (a) if the Service Provider refuses to obtain completed Security Clearance Checks as required under **Section 13.03** of this Agreement;

- (b) within five business days, the Service Provider fails to provide notification to MGCS as required under **Section 13.04** of this Agreement;
- (c) without providing a completed Security Clearance Check or an update as required, the Service Provider (or if the Service Provider is a corporation, any of its partners, directors officers and shareholders), or any of the Service Provider's employees, agents and subcontractors who are or will be engaged in performing the Issuing Services:
  - (i) has been convicted under the offence provisions of a federal statute for which a pardon under the Criminal Records Act (Canada) has not been granted;
  - (ii) has been granted an absolute or conditional discharge in relation to a federal offence and in the case of an absolute discharge, it was granted less than one year from the date of disposition of the offence by the court and in the case of a conditional discharge, it was granted less than three years from the date of disposition of the offence by the court;
  - (iii) is subject to a charge for a federal offence that remains unresolved; or
  - (iv) is subject to a judicial order in effect made in relation to the offence provisions of federal statutes; and
- (d) in the sole discretion of the MGCS any of the information obtained from a Security Clearance Check or update is incompatible with:
  - (i) the proper and impartial performance of the Issuing Services in accordance with the terms and conditions of this Agreement;
  - (ii) the safety of MGCS's employees, clients or the Public;
  - (iii) the reputation of or public confidence in MGCS and Ontario;
  - (iv) the security of Revenue, MGCS Equipment, MGCS Stock, or any other property of MGCS and Ontario; or
  - (v) the confidentiality or integrity of Confidential Information, Personal Information, and Ontario Records and Ontario Data Bases.

## **ARTICLE 14 – SIGNAGE AND ADVERTISING**

### **14.01 Signage**

The Service Provider, at the Service Provider's own cost, shall purchase, install and maintain on the exterior of the Premises, signage that prominently identifies the Service Provider's Private ServiceOntario Centre to the Public and is in accordance with the Operational Directives and the Instructions of MGCS.

### **14.02 Notice of Independent Contractor Relationship**

The Service Provider shall affix, in a conspicuous location upon the Premises, a sign containing the following notice, or any variation of such notice, as required by MGCS:

***“This office is owned and operated by [Insert Name of Service Provider], an independent service provider under agreement with the Government of Ontario.”***

### **14.03 Service Provider to Display MGCS Materials**

The Service Provider shall prominently place or display on the Premises any posters, brochures or other display materials which may from time to time be provided by MGCS at MGCS's own cost.

**14.04 Third-Party Advertising**

The Service Provider may display signs, emblems, logos, posters, brochures or other display materials at the Premises that advertise and promote goods and services that are unrelated to Ontario, MGCS and the Issuing Services ("Third-Party Advertising") provided that, in the unqualified subjective discretion of MGCS:

- (a) the space requirement for any Third-Party Advertising does not hinder the ability of the Public to receive or understand messages or information related to the Issuing Services, and is limited to the space parameters defined by MGCS in the Operational Directives and Instructions of MGCS;
- (b) the content of the Third-Party Advertising does not explicitly or implicitly indicate that MGCS or the Province of Ontario promotes the goods or services that are the subject matter of the Third-Party Advertising; and
- (c) the content and subject matter of the Third-Party Advertising complies with the requirements of the Operational Directives and the Instructions of MGCS relating to Third-Party Advertising.

And the Service Provider must obtain the written approval of MGCS prior to displaying the Third-Party Advertising at the Premises, pursuant to the process set out in the Operational Directives. Any request for written approval of Third-Party Advertising by the Service Provider shall include details of the content and space requirements of the Third-Party Advertising, and any other details that MGCS deems necessary to grant approval of the Third-Party Advertising pursuant to this **Section 14.04** of this Agreement.

**14.05 Service Provider-Specific Advertising**

The Service Provider may advertise and promote the Issuing Services performed by the Service Provider at the Premises in any medium or form, including but not limited to, print advertisements, billboards television and radio commercials, and websites ("Service Provider-Specific Advertising"), provided that, in the unqualified subjective discretion of MGCS:

- (a) the Service Provider-Specific Advertising promotes the Issuing Services in a manner that enhances the goodwill and reputation of MGCS or the Province of Ontario, and preserves public confidence in the Issuing Services and the Service Provider Network;
- (b) the Service Provider-Specific Advertising is not deceptive or otherwise misleading; and
- (c) the Service Provider-Specific Advertising complies with the requirements of the Operational Directives and the Instructions of MGCS relating to Service Provider-Specific Advertising.

And the Service Provider must obtain the written approval of MGCS prior to commencing the Service Provider-Specific Advertising. Any request for written approval of Service Provider-Specific Advertising by the Service Provider shall include details of the content, location, and medium or form of the Service Provider-Specific Advertising, and any other details that MGCS deems necessary to grant approval of the Third-Party Advertising pursuant to this **Section 14.05**.

**14.06 Discontinuance of Advertising**

MGCS may, at any time and for any reason, require that the Service Provider discontinue any Service Provider-Specific Advertising or any Third-Party Advertising, and the Service Provider

shall immediately upon MGCS's request discontinue any Service Provider-Specific Advertising and remove any Third-Party Advertising identified by MGCS. MGCS shall not be liable for any actual or potential losses or damages to the Service Provider resulting from the discontinuance of any Service Provider-Specific Advertising or Third-Party Advertising pursuant to this **Section 14.06**.

**14.07 Service Provider Participation in MGCS Promotional Programs**

The Service Provider shall fully and expeditiously participate in all advertising, sales and promotional events and programs organized or conducted by MGCS.

**14.08 Limited Licence to Ontario Marks**

MGCS grants to the Service Provider a limited, non-exclusive, non-transferable licence to use the Ontario Marks solely in connection with the delivery of the Issuing Services and for the following limited purposes:

- (a) for display on or as part of the signage of the Service Provider as required in **Section 14.01** of this Agreement;
- (b) for use in any Service Provider-Specific Advertising approved by MGCS pursuant to **Section 14.05** of this Agreement;
- (c) for use on , or as part of, any signs, emblems, logos, posters, brochures or other display materials as part of promotional programs of MGCS pursuant to **Section 14.07** of this Agreement;

and the Service Provider's use of the Ontario Marks shall be in accordance with the Operational Directives and Instructions of MGCS.

**ARTICLE 15 – OTHER PRODUCTS AND SERVICES**

**15.01 Service Provider Acknowledgement and Authorization**

The Service Provider acknowledges that the reputation and goodwill of MGCS, Ontario and the Service Provider Network is based upon, and can be maintained and enhanced only by, the satisfaction of the Public's expectation that MGCS and the Private Service Provider Network deliver services, including the Issuing Services, in a uniformly high quality manner and that any failure to meet these Public expectations may be detrimental to MGCS, Ontario, the Service Provider and the Private Service Provider Network. Accordingly, the Service Provider may offer other products or services as follows:

- (a) Services that are related to the Issuing Services and that are dependant on the Service Provider's authorization to offer the Issuing Services at the Premises, and are intended to provide members of the Public visiting the Service Provider's Private ServiceOntario Centre with additional convenience and value, and for which the Service Provider charges a separate fee ("Value-Added Services");
- (b) Delivery of the Issuing Services at locations outside of the Premises, or the delivery of any other service at locations outside of the Premises that is dependant on the Service Provider's authorization by MGCS to deliver the Issuing Services ("Off-Site Services"); or
- (c) Products or services that are unrelated to the Issuing Services and that are not dependant on the Service Provider's offering of the Issuing Services ("Ancillary Products or Services").

And the Service Provider's offering of Value-Added Services, Off-Site Services and Ancillary Products and Services shall be subject to the requirements of this **Article 15**.

**15.02 Value-Added Services**

The Service Provider may offer Value-Added Services from the Premises, provided that, in the unqualified subjective discretion of MGCS:

- (a) the Value-Added Services are not incompatible with the promotion of public safety, harmful to the reputation of, or public confidence in, MGCS, the Province of Ontario or the Service Provider Network, or offensive to public policy;
- (b) the offering of the Value-Added Services by the Service Provider does not:
  - (i) create a Conflict of Interest;
  - (ii) prevent the Service Provider from devoting the necessary time and attention required for the proper performance of the Issuing Services,
  - (iii) impact the Service Provider's proper and impartial performance of the Issuing Services in accordance with the provisions of this Agreement, including the Operational Directives and the Instructions of MGCS;
  - (iv) negatively impact the Public's ability to access the Issuing Services from the Premises at any time during the Standard Operating Hours;
  - (v) negatively impact the Public's ability to receive the Issuing Services at the Service Provider's Private Service Ontario Centres at the regulated fee;
  - (vi) compromise the security of Revenue or the confidentiality or integrity of Ontario Data Bases, Ontario Records and Personal Information;
- (c) MGCS Equipment and MGCS Stock are not used in, or impacted by, the offering and delivery of the Value-Added Services;
- (d) the fee charged to the Public for the Value-Added Services is not blended with or added on-top of the cost to the Public for the Issuing Services to which the Value-Added Services relate, and any revenue generated by the Service Provider from the offering of the Value-Added Services is kept separate and apart from any Revenue of Ontario; and
- (e) the Value-Added Services comply with the requirements of the Operational Directives and the Instructions of MGCS relating to Value-Added Service.

And the Service Provider must obtain the written approval of MGCS prior to offering the Value-Added Services, pursuant to the process set out in the Operational Directives. Any request for written approval of the Value-Added Services by the Service Provider shall include details of the nature and cost to the Public, if any, for the Value-Added Services, and any other details that MGCS deems necessary to grant approval of the Value-Added Services pursuant to this **Section 15.02**. The Service Provider acknowledges and agrees that, as a condition of approval, MGCS may require that, at its unqualified subjective discretion, additional terms and conditions apply to the Service Provider's offering of Value-Added Services from the Premises.

**15.03 Off-Site Services**

The Service Provider may offer Off-Site Services, provided that, in the unqualified subjective discretion of MGCS:

- (a) the offering of the Off-Site Services by the Service Provider does not:
  - (i) create a Conflict of Interest;
  - (ii) prevent the Service Provider from devoting the necessary time and attention required for the proper performance of the Issuing Services at the Premises,

- (iii) impact the Service Provider's proper and impartial performance of the Issuing Services in accordance with the provisions of this Agreement, including the Operational Directives and the Instructions of MGCS;
  - (iv) negatively impact the Public's ability to access the Issuing Services from the Premises at any time during the Standard Operating Hours; or
  - (v) compromise the security of Revenue, any Government of Ontario assets, including the MGCS Equipment and MGCS Stock, or the confidentiality or integrity of Ontario Data Bases, Ontario Records and Personal Information;
- (b) the cost to the Public, if any, for the Off-Site Services is not blended with or added on-top of the cost to the Public for the Issuing Services which are being delivered outside of the Premises, and any revenue generated by the Service Provider from delivering the Issuing Services outside of the Premises is kept separate and apart from any Revenue of Ontario; and
- (c) the offering of Off-Site Services complies with the requirements of the Operational Directives and the Instructions of MGCS relating to Off-Site Services.

And the Service Provider must obtain the written approval of MGCS prior to offering the Off-Site Services, pursuant to the process set out in the Operational Directives. Any request for written approval for the delivery of Off-Site Services by the Service Provider shall include details of the nature, location, and cost to the Public, if any, for the Off-Site Services, and any other details that MGCS deems necessary to grant approval of the offering of Off-Site Services pursuant to this **Section 15.03**. The Service Provider acknowledges and agrees that, as a condition of approval, MGCS may require that, at its unqualified subjective discretion, additional terms and conditions apply to the Service Provider's offering of Off-Site.

#### 15.04 **Ancillary Products or Services**

The Service Provider may offer Ancillary Products or Services at the Premises, provided that, in the unqualified subjective discretion of MGCS:

- (a) the Ancillary Products or Services are not incompatible with the promotion of public safety, harmful to the reputation of, or public confidence in, MGCS, the Province of Ontario or the Service Provider Network, or offensive to public policy;
- (b) the offering of the Ancillary Products or Services at the Premises by the Service Provider does not:
  - (i) create a Conflict of Interest;
  - (ii) prevent the Service Provider from devoting the necessary time and attention required for the proper performance of the Issuing Services,
  - (iii) impact the Service Provider's proper and impartial performance of the Issuing Services in accordance with the provisions of this Agreement, including the Operational Directives and the Instructions of MGCS;
  - (iv) negatively impact the Public's ability to access the Issuing Services from the Premises at any time during the Standard Operating Hours;
  - (v) negatively impact the Public's ability to receive the Issuing Services at the Service Provider's Private Service Ontario Centres at the regulated fee;
  - (vi) compromise the security of Revenue or the confidentiality or integrity of Ontario Confidential Information, Ontario Data Bases, Ontario Records and Personal Information;
- (c) MGCS Equipment and MGCS Stock are not used in, or impacted by, the offering, delivery or sale of the Ancillary Products or Services;

- (d) any revenue generated by the Service Provider from the sale of the Ancillary Products or Services is kept separate and apart from any Revenue of Ontario;
- (e) the offering of Ancillary Products or Services complies with the requirements of the Operational Directives and the Instructions of MGCS relating to Ancillary Products or Services;

and the Service Provider must obtain the written approval of MGCS prior to offering the Ancillary Products or Services pursuant to the process set out in the Operational Directives. Any request for written approval of the Ancillary Products or Services by the Service Provider shall include details of the nature and cost to the Public, if any, for the Ancillary Products or Services, and any other details that MGCS deems necessary to grant approval of the Ancillary Products or Services pursuant to this **Section 15.04**. The Service Provider acknowledges and agrees that, as a condition of approval, MGCS may require that, at its unqualified subjective discretion, additional terms and conditions apply to the Service Provider's offering of Ancillary Products or Services from the Premises.

**15.05 Discontinuance of Other Products or Services**

MGCS may, at any time and for any reason, direct that the Service Provider to discontinue the offering of any and all Value-Added Services, Off-Site Services or Ancillary Products and Services, and the Service Provider shall immediately comply with any such direction. MGCS shall not be liable for any actual or potential losses or damages to the Service Provider resulting from the Service Provider's compliance with this **Section 15.05**.

**15.06 Addition to Products and Services by MGCS**

The Service Provider acknowledges that MGCS may from time to time enter into agreements with third parties, whether in the public or the private sector, for the provision, sale or distribution of any products or other services of third parties through the Private ServiceOntario Centre network of the MGCS. The Service Provider shall co-operate with MGCS, and participate in the provision, sale and distribution of any such products and other services, in accordance with the Operational Directives and the Instructions of MGCS.

**ARTICLE 16 – OPERATIONAL FLEXIBILITY**

**16.01 Acknowledgment of MGCS**

MGCS acknowledges that the unique circumstances of the Service Provider's Private ServiceOntario Centre may require modification to certain operating standards that are applicable to the Service Provider Network. Accordingly, Service Providers may request, in writing, that MGCS consider operational changes pursuant to this **Article 16** to promote the efficient and effective operation of the Service Provider's Private ServiceOntario Centre.

**16.02 Modified Operating Hours**

The Service Provider may perform the Issuing Services from the Premises during hours that vary from Standard Operating Hours as identified in **Section 4.06** of this Agreement if, in the opinion of MGCS, the variance is required for one of the following reasons:

- (a) the variance in hours of operation would allow the Service Provider to better respond to the service delivery needs of the Public that the Service Provider serves; or
- (b) the retail complex or facility in which the Premises is located does not permit the Service Provider to operate during the Standard Operating Hours; or



- (c) the variance from the Standard Operating Hours would increase the financial viability of the Service Provider's Private ServiceOntario Centre without negatively impacting the ability of the Public to access the Issuing Services;

and the Service Provider submits a request to MGCS to vary from the Standard Operating Hours at least sixty (60) days prior to the effective date of the proposed variance from the Standard Operating Hours and pursuant to the procedure set out in the Operational Directives and Instructions of MGCS. The Service Provider shall continue to perform the Issuing Services from the Premises during the Standard Operating Hours until MGCS approves, in writing, the proposed variance from the Standard Operating Hours.

**16.03 Co-Location of Private ServiceOntario Centre With Other Business**

The Service Provider may co-locate the Service Provider's Private ServiceOntario Centre with another business or undertaking, or share the Premises with another business or undertaking, with the prior approval of MGCS, provided that, in the unqualified subjective discretion of MGCS:

- (a) the co-location of the Service Provider's Private ServiceOntario Centre with the business or undertaking does not create a Conflict of Interest; and
- (b) MGCS approves, in writing, the co-location of the Service Provider's Private ServiceOntario Centre with an identified business or undertaking.

**16.04 Clarification on Co-Location**

For the purposes of this Agreement, the Service Provider's Private ServiceOntario Centre shall be deemed to be co-located with another business or undertaking, or the Premises shall be deemed to be shared with another business or undertaking where:

- (a) the Premises and the premises of such other business or undertaking share a common interior or exterior wall; or
- (b) the Premises and the premises of such other business or undertaking share a common area, such as a lobby, reception area, elevator or stairs.

For avoidance of doubt, the Service Provider's Private ServiceOntario Centre shall not be deemed to be co-located with any other business or undertaking, where the Service Provider's Private ServiceOntario Centre and such other business or undertaking are both located in the same retail complex or facility.

**ARTICLE 17 – PRIVACY AND CONFIDENTIALITY**

**17.01 Ontario Records and Ontario's Privacy Legislation**

The parties acknowledge and agree that all Ontario Records and Personal Information, including those Ontario Records and Personal Information which are held by the Service Provider, created by the Service Provider in the course of performing the Issuing Services or provided to the Service Provider during the Term are subject to Ontario's Privacy Legislation. For purposes of Ontario's Privacy Legislation, the control of all Ontario Records, and Personal Information contained therein, received by the Service Provider in the course of the delivery of the Issuing Services shall reside with the Ministry of Ontario that is responsible for each individual Ontario Record and any Personal Information under any applicable Ontario Privacy Legislation.

**17.02 Compliance with MGCS Instructions**

The Service Provider shall comply with the requirements of the Operational Directives and the Instructions of MGCS relating to Ontario Confidential Information, Ontario Records and Personal

Information including, without limitation, the collection, use, disclosure or retention of Ontario Records and Personal Information. The Service Provider shall not do anything which would place any Ministry of Ontario in contravention of Ontario's Privacy Legislation.

**17.03 Service Provider's Obligations for Ontario Records and Personal Information**

The Service Provider shall only collect the Personal Information from customers at the Service Provider's Private ServiceOntario Centre that has been specified or approved by MGCS in the Operational Directives and the Instructions of MGCS, and only in the manner and for the purposes of delivering the Issuing Services. For avoidance of doubt, the Service Provider is not authorized by MGCS to collect Personal Information from customers at the Service Provider's Private ServiceOntario Centre for the purposes of delivering other products or services pursuant to **Article 15 (Other Products or Services)**. In addition, the Service Provider shall:

- (a) post such public notices as MGCS may require in relation to the Service Provider's collection, use and disclosure of Personal Information and in the manner and locations specified by MGCS;
- (b) protect, at all times, all Ontario Records and Personal Information against loss, alteration and against access by unauthorized persons and take all measures to maintain the physical and electronic security and integrity of Ontario Records and Personal Information, including, but not limited to:
  - (i) keeping Ontario Records and Personal Information in a physically secure location, separate from all other records and databases of the Service Provider;
  - (ii) ensuring that Ontario Records and Personal Information are maintained within the Ontario Data Bases, and that no Ontario Records and Personal Information is moved from one Ontario Data Base to another and that no comparison, matching, or consolidation of Ontario Data Bases occurs;
  - (iii) implementing and maintaining the use of appropriate security products, tools, and procedures to meet MGCS's requirements for protecting Ontario Records and Personal Information from improper access, loss, alteration and destruction;
  - (iv) ensuring that passwords are required in order to access Ontario Records and Personal Information electronically, taking all necessary precautions to maintain the secrecy of such passwords, and ensuring that only those Employees that are required to access Ontario Records and Personal Information as part of their employment functions are permitted to do so;
  - (v) ensuring that any Ontario Records and Personal Information that are transferred to MGCS are done so in a secure manner in accordance with the Operational Directives and the Instructions of MGCS;
  - (vi) ensuring that any Ontario Records and Personal Information that are transmitted over the internet are transmitted using the then currently commercially available encryption technology satisfactory to MGCS;
  - (vii) implementing such other specific security measures as MGCS may, from time to time, determine would improve the adequacy and effectiveness of the Service Provider's security measures.
- (c) ensure that, at all times, all Ontario Records and Personal Information are stored or retained at the Premises, and that Ontario Records and Personal Information are not stored or retained outside the Premises or the Province of Ontario for any period of time, and that Ontario Records and Personal Information are not disclosed to any individual or organization that is not a resident of Canada, or that is, or could be subject to the laws of a foreign jurisdiction; and
- (d) provide any Ontario Records and Personal Information to MGCS within seven (7) days of being directed to do so by MGCS for any reason.

17.04 **Prohibition on Service Provider's Use of Personal Information**

At no time shall the Service Provider, or the Service Provider's Employees, directly or indirectly:

- (a) access any Ontario Records or Personal Information, unless MGCS determines, in its unqualified subjective discretion, that access is permitted under Ontario's Privacy Legislation and is necessary in order for the Service Provider to perform the Issuing Services;
- (b) use, or permit the use of, Ontario Records or Personal Information for any purposes other than the performance of the Issuing Services, or as specified or approved by MGCS in writing;
- (c) use, or permit the use of, Ontario Records or Personal Information directly or indirectly to locate or contact any Person to whom the Personal Information relates;
- (d) copy any Ontario Records or Personal Information for any purposes other than the performance of the Issuing Services;
- (e) remove from the Premises any copy of Ontario Records or Personal Information made for the purposes of performance of the Issuing Services;
- (f) destroy any Ontario Records or Personal Information;
- (g) develop, derive or compile, for any purpose, any table, index, data or database (whether or not in electronic or machine-readable form), or any other product that incorporates, contains, modifies or uses, in any manner whatsoever, any Ontario Records or Personal Information; or
- (h) give, exchange, sell, disclose, or make available to third parties any Ontario Records or Personal Information, without first obtaining the consent of MGCS (which may be given or withheld in MGCS's unqualified subjective discretion).

17.05 **Service Provider's Obligations for Ontario Confidential Information, Ontario Records and Personal Information**

The Service Provider shall take all reasonable measures to keep all Ontario Confidential Information, Ontario Records and Personal Information confidential. In addition the Service Provider shall:

- (a) keep all Ontario Confidential Information, Ontario Records and Personal Information confidential and secure;
- (b) limit the disclosure of Ontario Confidential Information, Ontario Records and Personal Information to only those Employees who have a need to know it for the purpose of providing the Issuing Services and who have been specifically authorized to have such disclosure;
- (c) not directly or indirectly disclose, destroy, exploit or use any Ontario Confidential Information, Ontario Records and Personal Information (except for the purpose of performing the Issuing Services, or except if required by order of a court or tribunal), without first obtaining:
  - (i) the written consent of MGCS and
  - (ii) in respect of any Ontario Confidential Information about any third-party, the written consent of such third-party;

- (d) provide Ontario Confidential Information, Ontario Records and Personal Information to MGCS on demand;
- (e) immediately notify MGCS of the termination of any Employee that had access to Ontario Data Bases, Ontario Confidential Information, Ontario Records and Personal Information; and
- (f) return all Ontario Confidential Information, Ontario Records and Personal Information to MGCS before the end of the Term, with no copy or portion kept by the Service Provider.

**17.06 Employee Access to Ontario Records and Personal Information**

The Service Provider shall ensure that all Employees respect and maintain the obligations of the Service Provider in relation to Ontario Confidential Information, Ontario Data Bases, Ontario Records and Personal Information contained in this Agreement. Without limiting the generality of the foregoing, prior to permitting any Employee to access any Ontario Confidential Information, Ontario Data Bases, Ontario Records or Personal Information, the Service Provider shall:

- (a) instruct the Employee in respect of the requirements of Ontario's Privacy Legislation and the confidentiality obligations contained in this Agreement; and
- (b) require the Employee to execute a security statement and acknowledgement in a form acceptable to MGCS, as set out in the Operational Directives.

Regardless of the Service Provider's adherence to the requirements of this **Section 17.06**, the Service Provider shall remain fully responsible to MGCS for any Employee's non-compliance with the provisions of this **Article 17**.

**17.07 Compliance and Monitoring**

The Service Provider shall implement reasonable measures to monitor the handling of Ontario Records and Personal Information, and of the Employees collecting using or disclosing particular Ontario Records or Personal Information, and to ensure the compliance of the Service Provider. These measures shall include, without limitation:

- (a) allowing MGCS to conduct compliance reviews of the Service Provider from time to time during the Term, and for a period of three (3) years following the Expiry Date or termination for any reason of this Agreement, to determine the Service Provider's compliance with Ontario's Privacy Legislation, and with the privacy provisions contained in this Agreement;
- (b) correcting any deficiencies, at the Service Provider's own costs, identified through a compliance review completed pursuant to **Subsection 17.07(a)** of this Agreement within five (5) Business Days of receiving notification of such deficiencies, and notify MGCS in writing upon the deficiencies being corrected;
- (c) taking immediate corrective action to remedy any failure on the part of the Service Provider or the Service Provider's Employees to comply with the provisions of this **Article 17**, and take such corrective or preventative action as MGCS may specify, including, without limitation, requiring the Service Provider to improve the methods by which it maintains, collects, uses, discloses or retains Personal Information to ensure compliance with this Agreement;

and nothing in this **Section 17.07** shall limit or restrict any other rights or remedies MGCS may have under this Agreement or at law or in equity. In addition to any other liabilities of the Service Provider pursuant to this Agreement or otherwise at law or in equity, the Service Provider shall be

liable for all damages, costs, expenses, losses, claims or actions arising from any non-compliance by the Service Provider including, without limitation, any Employee, with the confidentiality provisions of this Agreement.

**17.08 Service Provider to Advise and Notify**

The Service Provider shall notify the MGCS Representative, immediately upon the occurrence of any of the following events:

- (a) any actual or potential failure on the part of the Service Provider or the Service Provider's Employees to comply with the provisions of this **Article 17**;
- (b) the theft, loss, or unauthorized access of any Ontario Records or Personal Information, whether intentional or accidental;
- (c) the receipt of any and all requests of any kind for Ontario Records or Personal Information, and any requirement of any kind that might compel the Service Provider to disclose or produce any Ontario Records or Personal Information, including any and all requests and requirements related to a warrant under the laws of Canada, the Province of Ontario, or any other province, or any foreign jurisdiction, and any requests from law enforcement agencies or officials for the release of surveillance video footage captured by the Service Provider's security systems, if any; and
- (d) any complaints from customers of the Service Provider's Private ServiceOntario Centre relating to actual or potential failure on the part of the Service Provider or the Service Provider's Employees to comply with the provisions of this **Article 17**.

**17.09 Investigations and Appeals**

The Service Provider shall comply with all policies, protocols and procedures of MGCS with respect to the collection, storage, use or disclosure of Ontario Records or Personal Information, and shall co-operate with MGCS and its representatives in the investigation of any complaints or appeals received under Ontario's Privacy Legislation.

**17.10 Injunctive and Other Relief**

The Service Provider acknowledges that breach of any provisions of this **Article 17** may cause irreparable harm to MGCS, the Province of Ontario or to any third-party to whom MGCS or the Province of Ontario owes a duty of confidence, and that the injury to MGCS, the Province of Ontario or to any third-party may be difficult to calculate and inadequately compensable in damages. The Service Provider agrees that MGCS is entitled to obtain injunctive relief (without proving any damage sustained by it or by any third-party) or any other remedy against any actual or potential breach of the provisions of this **Article 17**.

**ARTICLE 18 – ACCOUNTING AND FINANCIAL REPORTS**

**18.01 Service Provider to Maintain Financial Record-Keeping System**

Subject to the provisions of **Article 17 (Privacy and Confidentiality)**, the Service Provider shall at the Service Provider's own cost establish and maintain, in accordance with generally accepted Canadian accounting principles, bookkeeping, accounting, inventory controls and record-keeping systems. The Service Provider shall collect, input and store records, documents and information in such form and detail as MGCS may, in its unqualified subjective discretion, require to enable MGCS to monitor the performance of the Issuing Services, the Revenue received, the use of MGCS Equipment and MGCS Stock, and the financial condition of the Service Provider.

**18.02 Storage and Retention of Financial Records**

Records, documents and information, whether in paper-based or electronic form, shall be stored only on the Premises, or at such other Private ServiceOntario Centre as may be operated by the Service Provider under agreement with MGCS, and shall be maintained in accessible order and form. Without the prior consent of MGCS, the Service Provider shall not permit any records or files pertaining to the Issuing Services to be deleted or destroyed for a period of at least five (5) years from the end of Province's fiscal year to which the records or files relate.

**18.03 Request for Reports by Province**

The Service Provider shall furnish to MGCS, at the Service Provider's own cost, reports in such form and frequency as may from time to time be prescribed by MGCS, together with such detail, breakdown and copies of supporting records, as MGCS may require in respect of the Issuing Services and other matters arising under this Agreement.

**18.04 Payment Card Industry (PCI) Data Security Standard (DSS) Compliance**

The Service Provider accepts responsibility for securing all customer cardholder data in their possession.

The Service Provider is responsible for their PCI DSS compliance and is required, on an annual basis, to provide ServiceOntario with an Attestation of Compliance (AOC) certificate by end of March every calendar year. If the Service Provider is not compliant in any given year they will be required to provide a remediation plan with a date of compliance and AOC to ServiceOntario.

**ARTICLE 19 – AUDIT**

**19.01 MGCS's Right to Inspect or Audit**

MGCS and its authorized representatives shall have the right, without notice and during the Standard Operating Hours, to inspect or audit the Premises and the furnishings, equipment and fixtures thereon, including without limitation the MGCS Equipment and MGCS Stock, and to otherwise examine the manner in which the Service Provider is performing the Issuing Services to substantiate:

- (a) that the Issuing Services were or are being delivered in accordance with the terms and conditions of this Agreement and the Requirements of Law; and
- (b) the accuracy of any and all amounts collected by the Service Provider as compensation, pursuant to **Article 10 (Compensation and MGCS Assistance)** of this Agreement.

**19.02 Service Provider to Co-operate with MGCS's Authorized Representatives**

In the event of any such inspection, audit, or review, including any inspection, audit or review conducted under **Section 12.03, Subsection 17.07(a), or Section 18.03** of this Agreement, the Service Provider shall co-operate fully and provide any assistance requested by MGCS, and shall cause the Employees to co-operate fully and to provide any such assistance, including, but not limited to, providing full access to inspect, review or audit the records, electronic systems, financial books, bookkeeping and accounting records, documents or other materials, from any location, including, without limitation, the Premises.

**19.03 Audit of Service Provider's Use of Systems**

For avoidance of doubt, the Service Provider acknowledges that MGCS may, at any time and from any location, inspect, review or audit any use by the Service Provider (including, without limitation, the Employees) of any electronic system or program provided by MGCS for performance of the Issuing Services including, without limitation, any electronic systems or programs used to access Ontario Data Bases.

**19.04 Receipt of Audit Report and Corrective Action**

In the event that it is determined by any inspection, audit or review that:

- (i) the Service Provider's records and procedures were insufficient to substantiate that the Issuing Services were being delivered in accordance with the terms and conditions of this Agreement and the Requirements of Law;
- (ii) the Service Provider's records and procedures were insufficient to substantiate the accuracy of any and all amounts collected by the Service Provider as compensation under **Article 10 (Compensation and MGCS Assistance)** this Agreement.;
- (iii) Revenue for the period in question was understated by the Service Provider or the Service Provider failed to remit any Revenue or other payments as required by this Agreement;
- (iv) the Service Provider retained as compensation any amounts in excess of compensation permitted under **Article 10 (Compensation and MGCS Assistance)** of this Agreement;
- (v) any MGCS Equipment and MGCS Stock was damaged, lost or stolen while in the possession or care of the Service Provider, where the Service Provider failed to comply with any security obligations and procedures contained in the Operational Directives or the Instructions of MGCS or where the damage, loss or theft is attributable to any intentional wrongdoing or negligent act or omission of the Service Provider or the Employees; or
- (vi) the Service Provider failed to comply with any of the material provisions of this Agreement, including the Operational Directives, the Instructions of MGCS and the Requirements of Law.

the Service Provider shall immediately, within the time period specified in the inspection or audit report:

- (a) take such steps as may be necessary to correct the deficiency in accordance with the Instructions of MGCS;
- (b) reimburse to Her Majesty the Queen in Right of Ontario any outstanding Revenue or other payments as required by this Agreement, as well as any amounts retained as compensation in excess of compensation permitted under **Article 10 (Compensation and MGCS Assistance)**; and
- (c) reimburse to Her Majesty the Queen in Right of Ontario the repair or replacement cost of MGCS Equipment and the value of MGCS Stock in accordance with **Section 11.03** of this Agreement.

#### 19.05 **No Restrictions or Limitations on Remedies**

Nothing in this **Article 19** shall limit or restrict any other rights or remedies MGCS may have under this Agreement or at law or in equity.

## **ARTICLE 20 – LIABILITY, INDEMNITY AND INSURANCE**

### 20.01 **Service Provider Indemnity**

The Service Provider shall indemnify and hold harmless the Indemnified Parties from and against all Losses and Proceedings, by whomever made, sustained, incurred, brought or prosecuted, arising out of, or in connection with anything done or omitted to be done by the Service Provider or the Employees in the course of the performance of the Service Provider's obligations under the

Agreement, or otherwise in connection with the Agreement. The obligations contained in this paragraph shall survive the termination or expiry of the Agreement.

**20.02 Service Provider's Insurance**

Prior to the Implementation Date, the Service Provider shall put in effect and maintain insurance for the Term, at its own cost and expense, with insurers having a secure A.M. Best rating of B + or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person in the business of the Service Provider would maintain including, but not limited to, the following:

- (a) commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury and property damage, to an inclusive limit of not less than \$2,000,000 per occurrence, \$2,000,000 products and completed operations aggregate. The policy is to include the following:
  - (i) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Service Provider's obligations under, or otherwise in connection with, the Agreement;
  - (ii) contractual liability coverage,
  - (iii) independent contractors coverage,
  - (iv) tenants legal liability coverage,
  - (v) non-owned automobile coverage with blanket contractual and physical damage coverage for hired automobiles
  - (vi) 30 day written notice of cancellation, termination or material change;
  - (vii) a cross liability clause, and
  - (viii) employers liability coverage (or compliance with **Section 20.04** of this Agreement)
- (b) property insurance on an "all risks" basis, including earthquake and flood, covering the Premises and property of every description, including MGCS Equipment, MGCS Stock and other property for which the Service Provider is responsible, for not less than the full replacement cost and with a replacement cost endorsement. Such policy shall:
  - (i) be effective prior to receipt by the Service Provider of any MGCS Equipment or MGCS Stock,
  - (ii) add the Indemnified Parties as a loss payee, and
  - (iii) contain a waiver by the insurer of any rights of subrogation to which the insurer may otherwise be entitled against MGCS;
- (c) such insurance, and in such amounts, as may be required pursuant to any lease, licence, or other similar agreement entered into by the Service Provider securing the right to occupancy of the Premises; and

**20.03 Proof of Insurance**

The Service Provider shall provide MGCS with proof of the insurance required by this Agreement in the form of valid certificates of insurance that reference this Agreement and confirm the required coverage, before the execution of the Agreement by MGCS, and renewal replacements on or before the expiry of any such insurance. Upon the request of MGCS, a copy of each insurance policy shall be made available to it. The Service Provider shall ensure that each of its subcontractors obtains all the necessary and appropriate insurance that a prudent person in the business of the subcontractor would maintain and that the Indemnified Parties are named as additional insureds with respect to any liability arising in the course of performance of the subcontractor's obligations.

**20.04 Proof of W.S.I.A. Coverage**



If the Service Provider is subject to the Workplace Safety and Insurance Act (“WSIA”), it shall submit a valid clearance certificate of WSIA coverage to MGCS prior to the execution of the Agreement by MGCS. In addition, the Service Provider shall, from time to time at the request of MGCS, provide additional WSIA clearance certificates. The Service Provider covenants and agrees to pay when due, and to ensure that each of its subcontractors pays when due, all amounts required to be paid by it/its subcontractors, from time to time during the Term, under the WSIA, failing which MGCS shall have the right, in addition to and not in substitution for any other right it may have pursuant to the Agreement or otherwise at law or in equity, to pay to the Workplace Safety and Insurance Board any amount due pursuant to the WSIA and unpaid by the Service Provider or its subcontractors and to deduct such amount from any amount due and owing from time to time to the Service Provider pursuant to the Agreement together with all costs incurred by MGCS in connection therewith.

**20.05 Service Provider Participation in Proceedings**

The Service Provider shall, at its expense, to the extent requested by MGCS, participate in or conduct the defence of any Proceeding against any Indemnified Parties referred to in this **Article 20** and any negotiations for their settlement. MGCS may elect to participate in or conduct the defence of any such Proceeding by notifying the Service Provider in writing of such election without prejudice to any other rights or remedies of MGCS under the Agreement, at law or in equity. Each Party participating in the defence shall do so by actively participating with the other’s counsel. The Service Provider shall enter into no settlement unless it has obtained the prior written approval of MGCS. If the Service Provider is requested by MGCS to participate in or conduct the defence of any such Proceeding, MGCS agrees to co-operate with and assist the Service Provider to the fullest extent possible in the Proceedings and any related settlement negotiations. If MGCS conducts the defence of any such Proceedings, the Service Provider agrees to co-operate with and assist MGCS to the fullest extent possible in the Proceedings and any related settlement negotiations. This paragraph shall survive any termination or expiry of the Agreement.

**ARTICLE 21 – FORCE MAJEURE**

**21.01 Notice of Force Majeure**

If either MGCS or the Service Provider is unable to perform or will be delayed in performing, in whole or in part, by reason of Force Majeure any of that party's material obligations under this Agreement, such party shall provide notice of the Force Majeure to the other party. Effective upon such notice, the obligation(s) affected by the Force Majeure will be suspended during, and the time for performing such obligation(s) under this Agreement will be extended by, the period from the giving of the notice to when the Force Majeure ceases.

**21.02 Reasonable Procedures to Remedy Force Majeure**

The party giving notice of Force Majeure shall implement all reasonable procedures to remedy or remove the Force Majeure, and the effects of the Force Majeure, as soon as practicable and shall keep the non-affected party aware of the status of the Force Majeure.

**21.03 Notice of Potential Disruption**

Whenever the Service Provider becomes aware of anything that will, or is likely to, delay or disrupt the performance of the Issuing Services, the Service Provider shall promptly notify MGCS, and the anticipated extent of the delay or disruption, whether that thing is an event of Force Majeure or not.

**21.04 Business Continuity Plan**

The Service Provider shall provide MGCS with a Business Continuity Plan, in the format and timeline set out in accordance with the Operational Directives and Instructions of MGCS.

“Business Continuity Plan” means the plan setting out the Service Provider’s proposed methodology to ensure continuance of providing Issuing Services resulting from of a Force Majeure event.

The Service Provider’s Business Continuity Plan will include but not limited to:

- (i) Names and contact details for Key Personnel and other employees responsible for invoking and managing workarounds to allow the Service Provider to continue to offer Issuing Services during operational disruption;
- (ii) Contact details of potential third parties, needed to implement workarounds described in (i);
- (iii) Details of how the workarounds will be implemented for a loss of functionality of IT services, access to premises, telephones.

## **ARTICLE 22 – ASSIGNMENT & SUBCONTRACTING**

### **22.01 Assignment by MGCS**

MGCS may assign all or any part of its interest in this Agreement to any ministry, agency, board, commission or crown corporation of the Government of Ontario, without the consent of the Service Provider, provided that the Service Provider has received reasonable written notice of MGCS’s intent to assign.

### **22.02 Assignment by the Service Provider**

The Service Provider shall not assign all or any part of the Agreement or any monies due under it without the prior written consent of MGCS. Such consent shall be at the sole discretion of MGCS and subject to any conditions that may be imposed by MGCS, which may include, without limitation, that:

- (a) all of the Service Provider’s accrued monetary obligations and all other outstanding obligations to MGCS have been satisfied;
- (b) the Service Provider is not in default of this Agreement, or any other agreement between the Service Provider and MGCS;
- (c) the Service Provider execute a general release, in form and substance satisfactory to MGCS, of any and all claims against MGCS or persons for whom MGCS is legally responsible;
- (d) the Person to which the Agreement is to be assigned (the “Assignee”) enter into a written agreement, in form and substance satisfactory to MGCS, assuming and agreeing to discharge all of the Service Provider’s obligations under this Agreement;
- (e) the Assignee undergoes a Security Clearance Check of this Agreement prior to any assignment being effective;
- (f) the Assignee demonstrate to the satisfaction of MGCS that the Assignee meets the then existing standards of MGCS, including without limitation, education, managerial, and business standards; possession of the satisfactory financial capability to support the operation of the Service Provider’s Private ServiceOntario Centre; and has the aptitude and ability to perform the Issuing Services;

- (g) the Service Provider remain liable to MGCS for all of the obligations under this Agreement which arose prior to the effective date of the Assignment, and execute any and all instruments reasonably requested by MGCS to evidence such liability; and
- (h) the Assignee, at the Assignee's own cost, successfully complete the Initial Training Programme, or any other training programs then in effect for operators of Private ServiceOntario Centres, upon such terms and conditions as MGCS may require.

**22.03 Prohibition on Subcontracting**

The Service Provider shall not subcontract all or any part of the Issuing Services at any time during the Term without the prior written consent of MGCS. Such consent shall be at the sole discretion of MGCS subject to any conditions that may be imposed by MGCS.

**22.04 Assignment or Subcontracting Void**

Any actual or purported assignment or subcontract contrary to this **Article 22** shall be null and void.

**22.05 Conditional Request for Assignment**

If the Service Provider is organized as a sole proprietorship, the Service Provider may request the assignment of this Agreement to an Assignee that shall only be considered by MGCS in the event of the death or permanent incapacity of the Service Provider. Any assignment ultimately considered and approved by MGCS pursuant to this **Section 22.05** shall be subject to any conditions that may be imposed by MGCS, which may include, without limitation, any of the conditions set out in **Section 22.02** of this Agreement.

**ARTICLE 23 – SERVICE PROVIDERS THAT ARE CORPORATIONS OR PARTNERSHIPS**

**23.01 Corporations**

If the Service Provider is organized as a corporation, upon request of MGCS, the Service Provider shall comply with the following requirements:

- (a) the Service Provider shall furnish copies of the Service Provider's articles of incorporation, bylaws, and other governing documents, and any amendments of such articles, bylaws and documents, including the resolution of the board of directors of the Service Provider authorizing entry into this Agreement, shall be promptly furnished to MGCS;
- (b) from time to time, in a form acceptable to MGCS, the Service Provider shall deliver to MGCS a certificate certifying as to the then current shareholders, directors, officers or members, as the case may be, of the Service Provider;
- (c) the Service Provider shall cause at least one of the shareholders, directors and officers of the Service Provider, and of any shareholder of the Service Provider which is a corporation, present and future, to sign, deliver and comply with the Guarantee, Indemnification and Acknowledgment in the form set out in **Schedule 2** to this Agreement.

**23.02 Partnerships**

If the Service Provider is organized as a partnership, upon request of MGCS, the Service Provider shall comply with the following requirements:

- (a) the Service Provider shall furnish MGCS with a copy of the Service Provider's partnership agreement as well as such other documents as MGCS may reasonably request, and any amendments to such agreement and documents;
- (b) such partnership agreement must contain a dispute resolution mechanism satisfactory to MGCS; and
- (c) from time to time, in a form acceptable to MGCS, the Service Provider shall deliver to MGCS a certificate certifying as to then general and limited partners in the Service Provider.

## **ARTICLE 24 – SERVICE PROVIDERS WITH MULTIPLE OFFICES**

### **24.01 Multiple Private ServiceOntario Centres**

Nothing in this Agreement shall prohibit the Service Provider from operating one or more other Private ServiceOntario Centres to deliver the Issuing Services pursuant to one or more separate agreements with MGCS authorizing the operation of such other Private ServiceOntario Centres.

### **24.02 Default Under Other Agreements**

Where the Service Provider, or an Affiliate of the Service Provider, is authorized, pursuant to one or more separate agreements as described in **Section 24.01** of this Agreement, any default by the Service Provider in the performance or compliance with any of the terms and conditions under any one agreement governing another Private ServiceOntario Centre shall be deemed to be an event of default under all other agreements between the Service Provider and MGCS pursuant to which the Service Provider operates such other Private ServiceOntario Centres.

## **ARTICLE 25 – DISPUTE RESOLUTION**

### **25.01 Dispute Resolution by Rectification Notice**

Where the Service Provider fails to comply with any of its obligations under the Agreement, MGCS may issue a rectification notice to the Service Provider setting out the manner and time-frame for rectification. Within seven (7) Business Days of receipt of that notice, the Service Provider shall either:

- (a) comply with that rectification notice; or
- (b) provide a rectification plan satisfactory to MGCS.

If the Service Provider fails to either comply with that rectification notice or provide a satisfactory rectification plan, MGCS may immediately terminate the Agreement.

### **25.02 Prior Rectification Notices**

Where the Service Provider has been given a prior rectification notice pursuant to **Section 25.01** of this Agreement, the same subsequent type of non-compliance by the Service Provider shall allow MGCS to immediately terminate the Agreement immediately.

## **ARTICLE 26 – DEFAULT AND TERMINATION**

### **26.01 Events of Default**

The Service Provider shall be in default under this Agreement where:

- (a) the Service Provider fails to provide proof of occupancy of the Premises in accordance with **Section 5.03** of this Agreement;
- (b) in MGCS's opinion, the Service Provider's participation in the Initial Training Programme pursuant to **Section 8.01** of this Agreement discloses the inability of the Service Provider to adequately perform the Issuing Services or effectively manage the Service Provider's Private ServiceOntario Centre;
- (c) the Service Provider breaches any provision in **Article 9 (Service Provider's Collection of Provincial Revenue)**, and such default continues for a period of five (5) Business Days after notice has been given to the Service Provider of the breach;
- (d) the Service Provider fails to conduct business in, at or from the Premises for a period of five (5) consecutive Business Days without the prior written consent of MGCS, or loses the right to occupy the Premises for any reason whatsoever, except for a Force Majeure event;
- (e) the Service Provider is adjudged bankrupt, makes a general assignment for the benefit of its creditors or a receiver is appointed on account of the Service Provider's insolvency;
- (f) except where the Service Provider is required to enter a general security agreement or similar agreement to secure financing for the establishment or operation of the Service Provider's Private ServiceOntario Centre, the Service Provider pledges its rights and interests under the Agreement, or purports to pledge its rights and interests under the Agreement, as an asset or collateral to secure a loan or, in MGCS's opinion, the Service Provider undertakes a similar transaction;
- (g) the Service Provider breaches any provision in **Article 17 (Privacy and Confidentiality)** of the Agreement;
- (h) the Service Provider's conduct or operations result in Service Provider falling within the circumstances described in **Subsections 4.08(i), 4.08(ii) or 4.08(iii)** of the Agreement;
- (i) the Service Provider fails to submit any report required by this Agreement or the Operational Directives and Instructions of MGCS, within the time period specified in the Agreement or by MGCS, and such failure is not rectified by the Service Provider within ten (10) Business Days;
- (j) the Service Provider, prior to or after executing the Agreement, makes a material misrepresentation or omission or provides materially inaccurate information to MGCS;
- (k) the Service Provider undergoes a change in control which adversely affects the Service Provider's ability to satisfy some or all of its obligations under the Agreement;
- (l) the Service Provider subcontracts for the provision of part or all of the Issuing Services or assigns the Agreement without first obtaining the written approval of MGCS;
- (m) the Service Provider defaults in the performance of the Issuing Services at another Private ServiceOntario Centre under a separate agreement between the Service Provider and MGCS as described in **Section 24.02** of this Agreement;
- (n) the Service Provider fails or neglects to perform any of the other obligations under this Agreement, and where such default by its nature is capable of being remedied by the

Service Provider, the Service Provider fails to remedy the default within the time specified in the rectification notice issued by MGCS pursuant to **Section 25.01** of this Agreement;

- (o) the Service Provider repeats a non-compliance for which a previous rectification notice was issued pursuant to **Section 25.01** of this Agreement;
- (p) if the Service Provider is organized as a sole proprietorship, the Service Provider dies or otherwise becomes permanently incapacitated without making a conditional request for assignment pursuant to **Section 22.05 (Conditional Request for Assignment)** of this Agreement or if the Service Provider's conditional request for assignment made pursuant to that section is not approved;
- (q) if the Service Provider is organized as a corporation, an order is made or resolution is passed for the dissolution, winding up, liquidation or suspension of operation of the Service Provider, or a Guarantor of the Service Provider dies or otherwise becomes permanently incapacitated, or an order is made or resolution is passed for the dissolution, winding up, liquidation or suspension of operation of a Guarantor;
- (r) The Service Provider fails to adhere to the service standards as prescribed in **Section 4.10** of this Agreement.

And the above events of default are in addition to all events of default by operation of law.

#### 26.02 Remedies for Events of Default

Upon the occurrence of any of the events of default detailed in **Section 26.01** of this Agreement, and by notice to the Service Provider, MGCS may declare the Service Provider to be in default and may do any or all of the following as MGCS, in its sole discretion acting reasonably, determines:

- (a) immediately terminate this Agreement;
- (b) provide the Service Provider a period of time in which to cure or attempt to cure the default, through the issue of a rectification notice under **Section 25.01** of this Agreement; or
- (c) require that a representative of MGCS supervise the day-to-day operations at the Service Provider's Private ServiceOntario Centre until such time that the Service Provider's default has been remedied to the satisfaction of MGCS;

and the remedies listed above are in addition to any and all other rights of MGCS available at law, or by operation of law.

#### 26.03 Failure to Exercise Remedies Not a Waiver

Any failure of MGCS to exercise any rights or remedies to which it is entitled upon the happening of any event of default identified in **Section 26.01** of this Agreement shall not be deemed to be a waiver of, or otherwise affect, impair, or prevent MGCS from exercising any rights or remedies to which it may be entitled.

#### 26.04 Termination on Notice

Either party may terminate this Agreement, without cause, upon one-hundred and twenty (120) days prior written notice to the Service Provider.

#### 26.05 Termination for Non-Appropriation

The continuation of the Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario (the "Legislature") sufficient to satisfy payments due under the Agreement.

In the event that such moneys are not available as a result of: (i) non-appropriation by the Legislature for the Fiscal Year in which payment becomes due; and (ii) the payment being neither charged nor chargeable to an appropriation of the Legislature for a previous Fiscal Year, MGCS may terminate the Agreement upon giving notice to the Service Provider. Termination shall become effective on the date of the beginning of the first Fiscal Year for which funds have not been appropriated.

**26.06 Service Provider's Obligations on Termination**

On termination of the Agreement, the Service Provider shall, in addition to its other obligations under the Agreement and at law:

- (a) immediately discontinue performance of the Issuing Services, cease accessing any Ontario Data Base, and cease displaying and using all signs, stationary, letterheads, forms, printed material, advertising and other physical objects used from time to time in connection with the performance of the Issuing Services;
- (b) immediately surrender to MGCS any Ontario Confidential Information, Ontario Records and Personal Information;
- (c) immediately, or upon MGCS's request, surrender to MGCS any copies of the Operational Directives in the possession of the Service Provider, as well as any MGCS Equipment, MGCS Stock and any other assets of MGCS supplied to the Service Provider;
- (d) immediately pay all monies then due and unpaid by the Service Provider including, without limitation, Revenue not yet remitted to Her Majesty the Queen in Right of Ontario and all costs and expenses incurred by MGCS as a result of any default on the part of the Service Provider;
- (e) execute such documentation as may be required by MGCS to give effect to the termination of the Agreement; and
- (f) comply with any other Instructions of MGCS, including but not limited to instructions for facilitating the transfer of its obligations to another Person.

This paragraph shall survive any termination of the Agreement.

**26.07 Authorization to Enter Premises**

In the event of the Service Provider's failure or refusal to comply with **Section 26.06** of this Agreement, MGCS is hereby irrevocably authorized by the Service Provider, without liability, to enter the Premises, by force, summary proceeding, or otherwise, and to remove any Ontario Confidential Information, Ontario Records, and Personal Information (including any copies of which are stored in the electronic systems of the Service Provider), any copies of the Operational Directives and any MGCS Equipment, MGCS Stock and other assets of the MGCS.

**26.08 Termination in Addition to Other Rights**

The express rights of termination in the Agreement are in addition to and shall in no way limit any rights or remedies of MGCS under the Agreement, at law or in equity.

**26.09 Compensation for Early Termination**

**TBD**

**ARTICLE 27 – EXPIRY, EXTENSION AND RENEWAL**

27.01 **Expiry and Extension of Agreement**

The Agreement shall expire on the original Expiry Date, unless MGCS exercises its option, pursuant to **Section 27.02** of this Agreement, to extend the Term of the Agreement, in which case the expiry date for each Renewal Term shall be the date set out in the renewal notice, unless terminated sooner in accordance with the terms and conditions of the Agreement. Any extension of this Agreement shall be upon the same terms conditions and covenants contained in the Agreement, excepting the option to renew.

27.02 **Extension at MGCS's Option**

**TBD**

27.03 **Substitution of New Form of Agreement Upon Renewal**

At the commencement of each renewal term, the Service Provider shall, at the option of MGCS, execute a new Issuing Service Agreement in the form then being used by MGCS, which may contain provisions additional to, or different from, provision contained in this Agreement.

27.04 **Service Provider's Obligations Upon Expiry**

Upon expiry of the expiry of the Agreement, the obligations on the Service Provider as described in **Section 26.06** of this Agreement shall apply.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement effective as of the date first above written.

**[INSERT LEGAL NAME OF SERVICE PROVIDER]**

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO  
as represented by the  
MINISTER OF GOVERNMENT AND  
CONSUMER SERVICES**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

I have authority to bind the Service Provider

Pursuant to Delegated Authority



**SCHEDULE 1 – PRIVATE SERVICEONTARIO CENTRE DETAILS**

**A. Representatives**

All notices required by the Agreement shall be sent to the individuals identified below, pursuant to **Section 1.07** of the Agreement.

**(i) For MGCS:**

Title: Manager, Issuing Services Office  
Address: 20 Dundas Street W, 4<sup>th</sup> Floor  
Toronto, ON M5G 2C2  
Facsimile No.: (416) 326-3229

**(ii) For the Service Provider:**

Name: [Insert Name]  
Title: [Insert Title]  
Address: [Insert Address for Service]  
Email Address: [Insert Email Address]  
Telephone No.: [Insert Telephone Number]  
Facsimile No.: [Insert Facsimile Number]

**B. Premises**

For the purposes of the Agreement, the Premises is located at the following address:

[Insert Address]

**C. Implementation Date**

Pursuant to **Section 4.01** of the Agreement, the Service Provider shall commence delivering the Issuing Services on a date to be agreed upon in writing by MGCS and the Service Provider, which in no event shall be later than [Insert Date 90 Days After Effective Date].

**D. Standard Operating Hours**

The Standard Operating Hours for the Service Provider’s Private ServiceOntario Centre shall be:

<b>Day</b>	<b>Hours of Operation</b>
Monday	[Insert Hours of Operation]
Tuesday	[Insert Hours of Operation]
Wednesday	[Insert Hours of Operation]
Thursday	[Insert Hours of Operation]
Friday	[Insert Hours of Operation]
Saturday	[Insert Hours of Operation]
Sunday	[Insert Hours of Operation]
<b>Additional Details</b>	

[Insert additional details]

### E. Mandatory Equipment

The Service Provider shall, at its own cost pursuant to **Section 5.02** of the Agreement and subject to the requirements as set out in the Operational Directives and Instructions of MGCS, equip the Service Provider's Private ServiceOntario Centre with the following equipment:

#### Mandatory Equipment

Shredding Machine  
Secure access to electronic mail  
Telephone  
Safe

Other electronic equipment with following functionality:

- Photocopying
- Scanning
- Sending and Receiving Facsimile Transmissions

### F. French Language Services

If indicated below by "Yes", the Premises are situated an area of the Province of Ontario which has been designated in the Schedule to the *French Language Service Act*, R.S.O. 1990 c. F.32, and MGCS requires that the Issuing Services be provided at the Premises in both the English and French languages pursuant to **Section 4.04** of the Agreement:

French Language Services required: Yes [ ] No [ ]

[END OF SCHEDULE 1]

## SCHEDULE 2 – FORM OF GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

### GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

1. As an inducement for, and in consideration of, Her Majesty the Queen in right of Ontario, as represented by the Minister of Government and Consumer Services ("MGCS") entering into the Issuing Services Agreement with [INSERT NAME OF SERVICE PROVIDER] (the "Service Provider"), dated [INSERT DATE] (the "Agreement"), the Undersigned [INSERT NAME OF GUARANTOR] (the "Guarantor") hereby unconditionally guarantees to MGCS that the Service Provider will observe and perform all of the Service Provider's obligations to be observed or performed and will pay all amounts to be paid by the Service Provider in accordance with the terms and conditions of the Agreement.
2. If the Service Provider defaults in making any such payments or in the observance or performance of any such obligations, the Guarantor hereby covenants and agrees to pay to MGCS immediately upon demand all amounts not so paid by the Service Provider and all damages that may arise in consequence of any such non-observance or non-performance.
3. Without in any way restricting or limiting the guarantee given by the Guarantor as set out above, or any other rights and remedies to which MGCS may be entitled, the Guarantor hereby covenants and agrees to indemnify and save MGCS harmless against any and all liabilities, losses, suits, claims, demands and costs of any kind or nature whatsoever to which MGCS shall or may become liable for, or suffer, by reason of any breach, violation or non-performance by the Service Provider of any term or condition of the Agreement, or any other agreement made between MGCS and the Service Provider, including any liabilities, losses, suits, claims demands and costs arising from the Service Provider's failure to fulfill its obligations under Section 20.01 of the Agreement.
4. The Guarantor covenants and agrees to execute and deliver such further instruments, at such time or times and in such form as MGCS may request, evidencing the Guarantor's obligations under the provisions of this Guarantee, Indemnification and Acknowledgment.
5. In the enforcement of any of its rights against the Guarantor, MGCS may in its unqualified subjective discretion proceed as if the Guarantor were the primary obligor under the Agreement, or any other agreement made between the Service Provider and MGCS. The Guarantor hereby waives any right to require MGCS to proceed against the Service Provider or to pursue any other remedy whatsoever which may be available to MGCS before proceeding against the Guarantor.
6. No dealings of whatsoever kind between MGCS and the Service Provider and/or any other persons as MGCS may see fit, whether with or without notice to the Guarantor, shall exonerate, release, discharge or in any way reduce the obligations of the Guarantor in whole or in part. In particular, and without limiting the generality of the foregoing, MGCS may modify or amend the Agreement, grant any indulgence, release, postponement or extension of time, waive any term or condition of the Agreement or any obligation of the Service Provider, take or release any securities or other guarantees for the performance by the Service Provider of its obligations and otherwise deal with the Service Provider and/or any other persons as MGCS may see fit without affecting, lessening or limiting in any way the liability of the Guarantor. The Guarantor hereby expressly waives notice of all or any default of the Service Provider.
7. Any settlement made between MGCS and/or the Service Provider and/or any other persons as MGCS may see fit to deal with, or any determination made pursuant to the Agreement which is expressed to be binding upon the Service Provider, shall be binding upon the Guarantor.
8. Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or any other act of insolvency by the Service Provider and notwithstanding any rejection or disclaimer of the Agreement, the Guarantor shall continue to be fully liable hereunder.
9. Without in any way limiting the generality of any other provision of the Agreement, the covenants and agreement of the Guarantor contained in this Guarantee, Indemnification and Acknowledgment shall enure to the benefit of, and be binding upon, the Guarantor and the heirs, executors, administrators, successors and assigns of the Guarantor.

10. The Guarantor acknowledges reviewing all of the provisions of the Agreement, and agrees to be bound by all of the provisions of the Agreement, in so far as applicable to the Guarantor.

11. Unless specifically stated otherwise, the terms used in this Guarantee, Indemnification and Acknowledgment shall have the same meaning as in the Agreement, and shall be interpreted and constructed in accordance with the provisions of the Agreement. This Guarantee, Indemnification and Acknowledgment shall be interpreted and constructed under the laws of the Province of Ontario. The Guarantor irrevocably submits to the exclusive jurisdiction of the courts of Ontario with respect to any matter arising under, or related to, this Guarantee, Indemnification and Acknowledgment.

12. Unless otherwise expressly provided in this Agreement, all notices, requests and other communications required or permitted by this Guarantee, Indemnification and Acknowledgment shall be in writing and shall be delivered, transmitted by facsimile or sent by prepaid registered mail, in the case of MGCS, at:

Address:

Attention:

Facsimile Number:

and, in the case of the Guarantor, at:

Address:

Attention:

Facsimile Number:

or at such other address or facsimile number of which the addressee may from time to time have notified the addressor. A notice, request, or other communication shall be deemed to have been sent and received:

(a) on the day it was delivered or on the day on which transmission is confirmed by the sender's facsimile records, if faxed, or if such day is not a Business Day or if the notice, request or other communication is received after ordinary office hours (time or place of receipt), the notice, request or other communication shall be deemed to have been sent and received on the next Business Day; or

(b) on the fourth Business Day after mailing if sent by registered mail.

In case of actual or imminent disruption in postal service, notices, requests and other communications shall not be sent by mail.

**INTENDING TO BE LEGALLY BOUND**, the Guarantor has signed this Guarantee, Indemnification and Acknowledgment.

**THE GUARANTOR:**

Signature: \_\_\_\_\_

Name \_\_\_\_\_

Date: \_\_\_\_\_

**[END OF SCHEDULE 2]**

## SCHEDULE 3 – OUR SERVICE PRINCIPLES

### ***Caring***

- We are considerate of the unique needs of each customer.
- We treat our customers and our team fairly and equitably.
- We celebrate individual and team capability and accomplishment.

### ***Accountable***

- We acknowledge our responsibility to deliver high-quality, cost effective services that provide real value for taxpayer dollars.
- We review, evaluate and publish our performance.
- We ensure the security and privacy of people, premises, processes and products.

### ***Responsive***

- We actively listen to our customers.
- We continuously improve our services and processes to address our customers evolving needs.
- We reduce the time necessary for our customers to accomplish their desired outcome.
- We follow through and resolve customer issues in a timely manner.

### ***Reliable***

- We clearly communicate relevant information about our services that is accurate and up-to-date.
- We set and consistently meet customer expectations.
- We design our integrated services with customers in mind, so they are intuitive and easy to use.
- We develop processes that produce dependable, repeatable outcomes against defined service standards.

## LEASE AGREEMENT

Property: 194 Queen St. W., Town of St. Marys, ON

Landlord: RSTD Holdings Ltd. (Reid Dundas)

Tenant: Town of St. Marys - Service Ontario

Start Date: July 1, 2021

Lease Term: Month to Month Tenancy

Monthly Rent: \$800.00

(600 sq. ft. x \$16.00 per sq. ft. = 9600 / 12 = \$800.00)

Yearly Increase: \$15.00 per mo.

Space Provided: Main Lobby Entry, Waiting Area, Main Office with lockable closet.

The Tenant shall be responsible for: Tenant Liability & Content Insurance, Snow Shoveling, Decorating & Leasehold Improvements in Leased Space, Phone and Phone Lines

Landlord shall be responsible for: Taxes, Building Insurance, Major Repairs, Heat, Hydro, Water, Sewage, Major Snow Removal

Building Features Included: Employee Washroom, Central Air, Automatic Door, Wheelchair Accessible, Parking, Front & Rear Door Access

Options: Internet, Cleaning, Snow Shovelling & Salting, 2 Desks, Waiting area chairs

Tenant: \_\_\_\_\_

Landlord: \_\_\_\_\_