



Date and Time:	Public Utilities Commission Thursday December 1, 2022 – 4:30 p.m.	
Location:	Hybrid – Zoom and PUC Board Room 500 Second Line East	
Members Present:	Mark Howson – Chair Dave Zuccato	Corey Gardi Musa Onyuna
Staff Present:	Rob Brewer, President & CEO Claudio Stefano, Executive Lead, Operations & Engineering Mark Faight, Director, Finance Kelly McLellan, CFO	Robert Battisti, VP, Corporate Services Guillaume Vachon, VP, Operations & Engineering Katie Elliott, Manager, Communications Trina Avery, Executive Assistant Jairus Patterson, Communications Coordinator
Guests:	David Helwig, Village Media	
Absent:	Sandra Hollingsworth, Kevin Bell	

1.0 CALL TO ORDER

M. Howson, Chair called the meeting to order at 4:30 p.m.

2.0 APPROVAL OF AGENDA

On a **MOTION** moved by M. Onyuna, seconded by C. Gardi, and carried,
The Board approved the agenda as presented.

3.0 CONFLICTS OF INTEREST

No conflicts were declared.

4.0 SAFETY MOMENT

R. Brewer commented on one from today, while driving behind a transport truck a large piece of ice came off the vehicle and cracked the front windshield. A reminder to look out for hazard of ice on roofs etc.

5.0 OPEN SESSION MINUTES – September 14, 2022

On a **MOTION** moved by C. Gardi, seconded by D. Zuccato, and carried,
The Commission approved the open session minutes dated September 14, 2022.

6.0 BUSINESS ARISING FROM MINUTES

None noted.

7.0 OPEN SESSION ITEMS

7.1 2022 Q3 Financial Results

M. Faught provided a brief review of the Q3 Financial Statements. A summary of the statements was included in the Commission package. Highlighting:

- Operating margin \$1 million higher than plan. The main driver is additional revenue from consumption revenue on the general service side. This is a positive with a return to normal. Misc. Customer revenue that is over budget at this point in the year. The majority coming from the revenue side.
- Operating Expenses – just below 1% under spent. Very close to budget.
- Admin Expense-is a reflection of reduced allocation that comes from PUC Services which is based on timing. More will come through in Q4.
- The goal is to maintain the \$1 million above plan to reinvest into our infrastructure for 2023.
- Similar to 2021, in 2022 we have the expectation that we will have significant developer contributions once again.
- Capital – currently sitting at \$1.9 million before capital contributions. Related to infrastructure projects and customer demand work. Capital plan has us working to eliminate lead services in the City.

Questions/ Discussion

R. Brewer noted that at this point in the year, city projects and road projects all come late in the year, so while it looks like we haven't spent a lot, those dollars are committed. Gros Cap and Watermain lining the pricing had gone up so significantly that we decided to wait a year as there was not urgency on them.

The commission discussed prices of inflation and whether it is expected to stabilize.

R. Brewer commented that staff are seeing inflationary pressures of 5-10% on labour costs on the construction side. The pricing we were getting back from responses was almost double, meaning this isn't just an inflationary issue but more a capacity issue. Therefore, we did not want to overspend on something that did not have urgency. If tenders are still high, we can make a decision.

On a **MOTION** moved by D. Zuccato, seconded by C. Gardi and carried,
That the Public Utilities Commission of the City of Sault Ste. Marie accepts as information the attached 2022 Q3 financial and capital summaries.

7.2 2023 Budget

K. McLellan provided a recap of the 2023 budget for the Commission, prepared based on the Financial Plan. Highlighting:

- Aligns with the long-term strategy of reinvestment in infrastructure.
- Ties to the 3 pillars of the strategic focus (employees, customers, shareholder)
- Strategic Focus – Mission/Vision/Values
- Strategic Initiatives: Digital Transformation; Operational Planning & Execution; Diversity, Equity, Inclusion Strategy; Strategic Growth
- Employees
 - Safety – 1340 days with no lost time.

- Employee Engagement
- Customers
 - Digital Transformation – improve customer experience.
 - System Reliability and Infrastructure Renewal
- Shareholder
 - Where we now operate in 142 communities throughout Ontario through the acquisition of NWI.
 - Strategic Growth Opportunities – TransCo; Customer Energy Management Program (CEMa); Electric Vehicles
 - PUC In the Community
 - PUC Cares – examples of alignment with charities our employees are passionate about.
- 2023 Budget
 - Water Financial Plan (KPMG)
 - Commission Rate Impact - \$2.46/month increase per average residential customer; Well below the current rate of inflation.
 - Annual Bill Comparison for Ontario Municipalities. Commission remains one of the lowest providers across the province.
 - Revenue – Surplus \$6.3M
 - Plans for next year will be close to \$11M for capital.
 - City Projects; System access (Customer Demand); System Renewal (Maintain/renew existing infrastructure)

Questions/Discussion:

M. Onyuna asked about the relining and how long it increases the lifespan of the pipe.

R. Brewer noted it would provide 30-50 years which depends on the thickness of the lining. Most of our infrastructure in the ground is target 75-year lifespan on average. When you reline you tend to do so close to those 75 years, so it is an add on of approximately 30 years of life. The pipe is cleaned before relining and there is better flow once relined.

On a **MOTION** moved by D. Zuccato, seconded by C. Gardi and carried,
The Public Utilities Commission of the City of Sault Ste. Marie approves the 2023 Budget of the Commission.

On a **MOTION** moved by C. Gardi, seconded by M. Onyuna and carried,
The Public Utilities Commission of the City of Sault Ste. Marie approves the 2023 Water Rates By-law No. 418 – A By-Law to Establish New Water Rates for 2023.

7.3 RBC Banking Agreement

M. Faught reviewed the banking agreement for RBC which sets out the authorizations for the commission in the day-to-day banking in terms of signatories. There is a change with this resolution in that the authorities are being set by the titles.

On a **MOTION** moved by D. Zuccato, seconded by M. Onyuna and carried,
The Public Utilities Commission of the City of Sault Ste. Marie authorize the Chair and Secretary to execute the Royal Bank of Canada Resolution Regarding Banking on behalf of the Commission.

7.4 Appointment of Auditors

K. McLellan advised that the appointment of auditors is brought forward each year. The City and PUC entered a joint RFP for Audit Services. There was an evaluation committee and KPMG was awarded the contract for a 5-year term.

On a **MOTION** moved by D. Zuccato, seconded by C. Gardi and carried,
The Public Utilities Commission of the City of Sault Ste. Marie appoint KPMG LLP for the FY2022 year-end audit.

7.5 Operations Update

G. Vachon provided an update to the Commission.

- Customer Demand/New Subdivisions – On Budget
- City Projects – On Budget
- Projects and Programs - Lower than budget
 - Water Distribution System Renewal and Improvements
 - Watermain Rehabilitation
- Projects and Programs – Production, Storage and Boosters Systems Renewal - Under budget
- General Plant and other capital – Slightly over budget

Questions/Discussion:

None noted.

7.6 President's Report

R. Brewer reviewed the report for the Commission. Highlighting:

Employees

- Health and Safety
 - 1340 days no lost time
- Movember
- Employee Engagement Survey – closes tomorrow.
- Flu Shot Clinic/Covid Vaccine Clinic
- PUC's 12 Days of Holidays

Customers

- PUC Cares – Illuminate the Season; PUC Lights Downtown; Safety Team Sponsors Greyhound Game; Remembrance Day Banners; Day in the Life Video (Power Outages)
- PUC In The News

Shareholder

- Financial Summary
 - Water Consumption Impact

Questions/ Comments

M. Onyuna noted that it is commendable the number of days without any lost time. It is very positive and something to be proud of.

C. Gardi recognized that the excellent record of safety and community involvement is illustrative of the close-knit team at PUC and the pride all staff have in their job.

MO – in terms of rate increase, we are just looking at infrastructure what can we do for ourselves to keep ourselves safe in terms of our water. Investing here. Investment in our community. That gets lost.
RB – Our rates and ramping up our capital program based on the financial plan. We have seen some very significant efficiencies and successes in the last few years. We are now looking at a below inflation increase even though our expenses are increasing well above inflation (chemicals etc.)

8.0 NEW BUSINESS

None noted.

9.0 Next Meeting


Next Date: TBD

10.0 ADJOURNMENT


The open meeting was adjourned at 5:35 p.m.

11.0 CLOSED SESSION

On a **MOTION** moved by D. Zuccato, seconded by M. Onyuna and carried,
The Commission moved into Closed Session to discuss personnel or property matters.



Chair



Secretary