



Township of Georgian Bluffs & Township of Chatsworth BioGRID Joint Board Agenda



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May 26, 2017, 8:00 a.m., Georgian Bluffs Council Chambers

1. Call to Order

2. Declaration of Pecuniary Interest and the General Nature Thereof

3. Minutes of the Previous Meeting

a) February 21, 2017

Recommendation: That the Joint Board adopt the minutes of the meeting held on February 21, 2017.

4. Additions to the Agenda

5. Correspondence

a) MOECC – Derby Wastewater Treatment Plant, Groundwater Monitoring Program

Recommendation: That the Joint Board receive the Derby Wastewater Treatment Plant, Groundwater Monitoring Program letter from Rick Chappell, Ministry of the Environment and Climate Change.

6. Delegations or Deputations

a) Traci Smith, BDO – Draft Financial Statements

b) Ross Slaughter, GSS Engineering - Presentation

7. Public Question Period

8. Reports

None

9. Unfinished Business

None

10. New Business

None

11. Date of Next Meeting

12. Adjournment



Township of Georgian Bluffs & Township of Chatsworth BioGRID Joint Board Minutes



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February 21, 2017, 8:00 a.m., Georgian Bluffs Council Chambers

Members Present:

Mayor Alan Barfoot
Mayor Bob Pringle
Deputy Mayor Dwight Burley
Deputy Mayor Scott Mackey

Staff Present:

Rick Winters, Director of Operations – Georgian Bluffs
Val Manning, Deputy Treasurer – Chatsworth
Kassandra Rocca, Treasurer – Georgian Bluffs
Patty Sinnamon, CAO/Clerk - Chatsworth
Troy Unruh, Utility Coordinator – Georgian Bluffs
Brian Anderson, Operations Admin Assistant – Georgian Bluffs (Recording Secretary)

1. Call to Order

Mayor Barfoot called the meeting to order at 8:00 a.m.

2. Declaration of Pecuniary Interest and the General Nature Thereof

None declared.

3. Minutes of the Previous Meeting

a) October 28, 2016

Moved by: Deputy Mayor Burley

Seconded by: Mayor Pringle

That the Joint Board adopt the minutes of the meeting held on October 28, 2016.

Carried – Resolution Number BIO-01-2017

b) November 1, 2016

Moved by: Deputy Mayor Mackey
Seconded by: Mayor Pringle

That the Joint Board adopt the minutes of the meeting held on November 1, 2016.

Carried – Resolution Number BIO-02-2017

c) December 13, 2016

Moved by: Mayor Pringle
Seconded by: Deputy Mayor Mackey

That the Joint Board adopt the minutes of the meeting held on December 13, 2016.

Carried – Resolution Number BIO-03-2017

4. Additions to the Agenda (if required)

None

5. Delegations or Deputations (if required)

None

6. Public Question Period

None

7. Correspondence

a) Monthly Wastewater Reports – October 2016 – December 2016

Moved by: Mayor Pringle
Seconded by: Deputy Mayor Mackey

That the Georgian Bluffs-Chatsworth Joint Board receives the Monthly Wastewater Reports for October to December 2016 from Aquatech Canadian Water Services Inc / GSS Engineering Consultants Ltd for information purposes.

Carried – Resolution Number BIO-04-2017

b) 2016 Yearly Wastewater Reports

The Director of Operations informed the Board that recently some outside parties have been expressing interest in the BioGRID

The future appears to be moving towards putting the methane gas into the gas distribution network as opposed to operating an internal combustion generator.

The board inquired as to if there was any development on the purchasing of a flare. The Utility Coordinator indicated that they are still shopping for a flare.

As the Board has no concerns or comments on the report, Aquatech Canadian Water Services Inc. / GSS Engineering Consultants Ltd. will submit the annual report to the MOE.

Moved by: Mayor Pringle

Seconded by: Deputy Mayor Burley

That the Georgian Bluffs-Chatsworth Joint Board receives the 2016 Yearly Wastewater Report from Aquatech Canadian Water Services Inc / GSS Engineering Consultants Ltd for information purposes.

Carried – Resolution Number BIO-05-2017

8. Reports

a) OPS2017-08 Generator Engine Maintenance

The Board directed that a 60 day cancellation period be place in the contract.

Moved by: Deputy Mayor Burley

Seconded by: Deputy Mayor Mackey

That the BioGRID Joint Board recommend the Council of the Township of Georgian Bluffs and the Council of the Township of Chatsworth approve award of regular scheduled maintenance for the generator engine to Wright Automotive Machine Shop at a price of \$1,650.00 per month for a 12 month period.

Carried – Resolution Number BIO-06-2017

b) 2017 Draft Budget

The Treasurer from Georgian Bluffs gave a line by line presentation of the proposed draft budget.

Moved by: Deputy Mayor Burley

Seconded by: Mayor Pringle

That the BioGRID Joint Board recommend the Council of the Township of Georgian Bluffs and the Council of the Township of Chatsworth accept the 2017 draft budget as presented.

Deferred – Resolution Number BIO-07-2017

9. Unfinished Business

a) Three Phase Hydro

There is a new construction project in the area that is anticipated to be completed this year that will see three phase hydro constructed to across the road from the Biodigester.

b) Possible Investors

There has been other companies that have come forward with ideas and potential proposals for the site.

Staff were given direction to explore all options and report back.

10. New Business

a) SUSGlobal

Staff provided an update that nothing substantial has changed. Where SUSGlobal has made comments, news releases, or applications our lawyers have sent correspondence to them to clarify that the contract has been terminated and to judge themselves accordingly.

b) MOECC – Rick Chappell

Rick Chappell would like to come to the next meeting. Direction was give to circulate him on the next meeting agenda.

11. Date of Next Meeting

The next meeting will be at the call of the Chair in approximately 8 weeks.

12. Adjournment

The meeting adjourned at 9:37 a.m. on a motion moved by Mayor Pringle.

Alan Barfoot, Chair

Brian Anderson, Recording Secretary

Ministry of the Environment
and Climate Change

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Owen Sound, ON N4K 0A5
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Ministère de l'Environnement et de l'Action
en matière de changement climatique

101, 17e rue Est, 3e étage
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Tél.: 519 371-2901
Télééc.: 519 371-2905



May 15, 2017

Mr. Rick Winters, C.E.T.
Director of Operations
Township of Georgian Bluffs
177964 Grey Road 18
R.R. #3
Owen Sound, ON N4K 5N5

Dear Mr. Winters,

Re: Derby Wastewater Treatment Plant, Groundwater Monitoring Program
MOE File: SI GR GB C6 410

We have received a letter dated April 24, 2017, from GSS Engineering Consultants, requesting a change to the groundwater sampling program for the Derby Wastewater Treatment Plant.

In accordance with condition 10(c) of Environmental Compliance Approval # 2206-8KSQZV, the change to the groundwater monitoring program outline in the April 24th letter is acceptable. Groundwater samples should be collected quarterly (May, August, November and February) from monitoring wells TW3, TW3A, TW5, TW7, TW7A, TW8 and TW9. Groundwater samples should continue to be analyzed for electrical conductivity, chloride and nitrate parameters. Groundwater level monitoring should also resume at all 15 monitoring well locations. Groundwater level measurements should be taken quarterly in conjunction with the sampling program.

If you have any questions concerning this letter, please contact Ian Mitchell, Owen Sound District Engineer at (519) 371-6191.

Yours truly,

A handwritten signature in blue ink, appearing to read "Rick Chappell".

Rick Chappell
District Manager
Owen Sound District

cc. Simon Thuss, MOECC, London
Ross Slaughter, GSS Owen Sound
Ian Mitchell/Sierra Gillies, MOECC, Owen Sound

**Ministry of the Environment and
Climate Change**

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May 15, 2017

Mr. Rick Winters, C.E.T.
Director of Operations
Township of Georgian Bluffs
177964 Grey Road 18
R.R. #3
Owen Sound, ON N4K 5N5

Dear Mr. Winters,

RE: Derby Wastewater Treatment Plant, Annual Performance Report

We have received a copy of the report titled "2016 Annual Performance Report For Derby Wastewater Treatment Plant and Georgian Bluffs /Chatsworth Biodigester" dated March 10, 2017 and prepared by GSS Engineering Consultants. A copy of this report was forwarded to our Regional Technical Support Section and comments from our Regional Hydrogeologist concerning the hydrogeological aspects of the groundwater monitoring program as presented in the 2016 performance report are provided below.


1. We agree with the proposed changes to the groundwater monitoring program. As recommended by the Consultant, groundwater samples should be collected quarterly (May, August, November and February) from monitoring wells TW3, TW3A, TW5, TW7, TW7A, TW8 and TW9. Groundwater samples should continue to be analyzed for electrical conductivity, chloride and nitrate parameters.
2. Groundwater level monitoring should resume at all 15 monitoring well locations. Groundwater level measurements should be taken quarterly in conjunction with the sampling program. Updated groundwater contour maps and hydrographs should be included in the annual monitoring reports. The reports should also characterize the groundwater flow direction under irrigating and non-irrigating conditions.
3. Chloride, nitrate, nitrite, ammonia and TKN parameters should be included in the analysis of the lagoon effluent to better characterize the material applied to the spray irrigation/percolation area.
4. It is noted that the chloride concentrations at TW7A and TW8 have approached or exceeded 100 mg/L in recent years. Although the chloride concentrations have remained

below the Reasonable Use criterion of 126 mg/L, the current concentrations have increased significantly from the concentrations recorded in the early 1990's. Any trends in groundwater quality at these locations should be monitored carefully to ensure the site remains in compliance with the Reasonable Use Guideline.

5. The nitrate concentration at TW7A slightly exceeded the Reasonable Use criterion of 2.6 mg/L on two occasions in 2016 (September and October). It is acknowledged that TW7A is located approximately 40 metres away from the property boundary, and the concentrations at the boundary are likely lower than those measured at TW7A. However, the installation of a new downgradient monitoring well should be considered if the groundwater quality continues to exceed the Reasonable Use criteria at this location.
6. The data tables provided in Appendix I should include all available historical groundwater quality data. Also, the vertical scale on the time series plots makes it difficult to evaluate trends in the chloride and nitrate data. It is recommended that separate plots be provided for each analytical parameter, with each plot including data from multiple monitoring well locations, as appropriate.
7. Future monitoring reports should also include the following:
 - a description of field methods and equipment used to collect samples and groundwater level measurements;
 - at least one stratigraphic cross-section through the spray irrigation percolation area and downgradient attenuation zone in the direction of groundwater flow, including monitoring well construction details and current groundwater levels; and
 - inspection notes regarding the current condition and integrity of the existing monitoring wells and any recommendations for repair or maintenance as required.

A separate letter will be sent regarding the changes to the groundwater monitoring program mentioned above. If you have any questions concerning this letter, please contact the undersigned at (519) 371-6191.

Yours truly,



Ian Mitchell, P.Eng.
District Engineer
Owen Sound District Office

File Storage Number: SI GR GB C6 410

cc. Simon Thuss, MOECC, London
Ross Slaughter, GSS Owen Sound
Sierra Gillies, MOECC, Owen Sound



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BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

May 18, 2017

Georgian Bluffs Chatsworth Biodigester
c/o Township of Georgian Bluffs
RR 3, 177964 Grey Road 18
Owen Sound ON N4K 5N5

Dear Members of the Joint Board of Management:

**Re: Audit of the Financial Statements of Georgian Bluffs Chatsworth Biodigester
For the year ended December 31, 2016**

The purpose of our report is to summarize certain aspects of the audit that we believe would be of interest to the Joint Board of Management and should be read in conjunction with the financial statements and our report thereon.

Our audit, and therefore this report, will not necessarily identify all matters that may be of interest to the Joint Board of Management in fulfilling its responsibilities.

This report has been prepared solely for the use of the Joint Board of Management and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

Independence

At the core of the provision of external audit services is the concept of independence. We are communicating all relationships between BDO Canada LLP and its related entities and Georgian Bluffs Chatsworth Biodigester and its related entities that, in our professional judgment, may reasonably be thought to have influenced our independence during the audit engagement.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/ordre covering such matters as the following:

- holding of a financial interest, either directly or indirectly in a client;
- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- economic dependence on a client; and
- provision of services in addition to the external audit engagement.

We are aware of the following relationships between the organization and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from March 8, 2017 to May 18, 2017.

- We have provided assistance in the preparation of the financial statements, including adjusting journal entries and/or bookkeeping services. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Canadian public sector accounting standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management created the source data for all the accounting entries.
 - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
 - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
 - Someone other than the preparer reviewed the proposed journal entries and financial statements.

Materiality

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As communicated to you in our Planning Report to the Joint Board of Management, preliminary materiality was \$10,400. Final materiality was revised to \$11,000 to reflect the actual 2016 total expenses.

We communicated all corrected and uncorrected misstatements identified during our audit to management, other than those which we determine to be "clearly trivial". Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate. We encouraged management to correct any misstatements identified throughout the audit process.

Likely Aggregate Misstatements

We have disclosed all significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement. Each of these items has been discussed with Management.

Management has determined that the unadjusted differences are immaterial both individually and in aggregate to the financial statements taken as a whole. Should the Joint Board of Management agree with this assessment, we do not propose further adjustments.

Uncorrected misstatements aggregated during the audit that were determined by management to be immaterial amounted to \$4,549. A summary of the statement of likely aggregate misstatements is attached to this letter.

Significant Weaknesses in Internal Controls

During the course of our audit, we performed the following procedures with respect to the organization's internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Discussed and considered potential audit risks with management.
- Test the operating effectiveness of controls in the purchase and amortization transaction stream.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As the purpose of the audit is for us to express an opinion on the organization's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

During the course of our audit, the following significant weaknesses in the design or implementation of internal controls came to our attention:

Budget Approval

In 2012, The Township of Chatsworth and the Township of Georgian Bluffs enacted by-laws to establish the Georgian Bluffs Chatsworth Biodigester Board of Management and that the Board be managed and operated in accordance with an agreement. The agreement states in section 8. (b) "an operating and capital budget shall be prepared on an annual basis and submitted to the Treasurers for inclusion in the respective Municipality's annual budget: presented to the respective Councils for approval." It is our understanding that a 2016 budget was prepared and provided to the respective Treasurers, however that the budget was not approved by either the Biodigester Board nor the Councils of Chatsworth and Georgian Bluffs. Section 10. (a) also states "Each party hereto, shall approve such draft budget, or an amendment thereof, as agreed to by the other parties, on or before the 1st of March each year." The budget provides management with guidance and an approved level of expenditures and assists the Board with operating oversight. The agreement also requires in section 8. (d) that "expenditures over \$15,000 that are not part of the current year's budget will require prior approval by the Councils of the Township of Georgian Bluffs and the Township of Chatsworth." The Director of Operations is currently approving the expenses, however the terms of the agreement are not being followed since no budget has been approved to provide guidance on appropriate expenses. We recommend the annual budget be reviewed and approved by the Board each year prior to March 1 and forwarded to the Council of both the Township of Georgian Bluffs and the Township of Chatsworth for their review and approval.

Tipping Fee Rates and Approval

Section 391 (1) of the Municipal Act, 2001, S.O. 2001, c.25 provides that a Municipality and a local Board may impose fees or charges on persons for services or activities. The fees are required to be passed by resolution of the Board and by-law of the Municipalities. The Township of Georgian Bluffs By-Law 26-2016 and the Township of Chatsworth By-Law 2016-30 provides standard rates to be charged for the services provided at the Biodigester and also provides for additional tipping fee rates to be set by the Joint Management Committee and approved by Council. The unique nature of the operations of the Biodigester requires different waste acceptance agreements to be made based on type and quantity of the waste. During the course of our audit, it was noted that new proposed tipping fees in a revised agreement are not implemented as the by-law was not passed by the Council of both the Township of Georgian Bluffs and the Township of Chatsworth. As such, rates are being invoiced based on an expired agreement and this is causing confusion and collectibility issues. We recommend that both Councils review and approve the new agreement or a revised agreement so that management can ensure that approved amounts are being billed and collected.

Revenue Recognition

As discussed below in our "Modifications of Opinion", we are not able to obtain sufficient and appropriate audit evidence to support the completeness of revenue. We would encourage the Board and management to continue to investigate controls which may be able to be put in place.

Since an audit is not designed to detect all weaknesses in internal controls, there may be other weaknesses which our procedures did not detect.

Modifications in Opinion

During the course of our audit we were not able to obtain audit evidence over the completeness of revenues in regards to the tipping and sewage fees. Both of these sources of revenue are invoiced based on information provided by external contractors. There does not appear to be corroborative evidence to support the information supplied by the contractors. As such, we propose the following wording in regards to the basis for qualification of our audit report:

Basis for Qualification

Inherent in their nature, tipping and sewage fees are not susceptible to complete audit verification. Accordingly, our verification of these fees was limited to the amounts recorded in the records of the Georgian Bluffs Chatsworth Biodigester. Therefore, we were not able to determine whether any adjustments might be necessary to assets as at December 31, 2015 and 2016, the accumulated surplus as at January 1 and December 31 for both the 2015 and 2016 years, and tipping and sewage fee revenue, annual surplus and cash flows for the years ended December 31, 2015 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Auditor's considerations of possible fraud and illegal activities

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

The scope of the work performed was substantially the same as that described in our Planning Report to the Joint Board of Management.

Other Matters

Cash Flows

The timing of the receipt of cash from revenues and the outflow of cash for expenditures is referred to as cash flows. At times, there is not enough cash available to pay the expenditures when they come due. Often, this situation is relieved by the use of reserves, accumulation of surplus or use of an external credit facility such as a bank loan or line of credit. The Biodigester does not maintain any operating reserves and has a current year operating deficit of \$31,678. Subsequent to the year-end the Board received cash from the Township's of Georgian Bluffs and Chatsworth to fund the 2014 and 2015 deficit and \$35,000 each to cover legal fees that had been incurred. These funds helped relieve some of the cash flow issues subsequent to the year-end, however, at December 31, 2016 a total of \$430,401 was loaned to the Biodigester Board by the Township of Georgian Bluffs to ensure vendor invoices were paid when due. This would indicate there was a significant cash flow shortage in December 2016. The Township of Georgian Bluffs loaned the Biodigester \$150,000 when the operations first began to help alleviate the initial cash flow shortage. On December 31, 2016 the Township of Georgian Bluffs was owed an additional \$80,401 for expenses paid on behalf of the Biodigester and an additional \$200,000 for a temporary loan to pay vendor invoices as they were due. The Board received a report in October 2016 from the Georgian Bluffs Treasurer regarding amounts due from the Municipalities and cash flow issues. There was a recommendation in the report for the Township of Chatsworth to loan \$75,000 to the Biodigester Board so the Township of Georgian Bluffs could be repaid \$75,000 and then each partner would have a loan of \$75,000. On October 28, 2016 the Board passed a motion to receive the report for information purposes. Although, the Board did receive the cash for the 2014 and 2015 deficit and legal fees subsequent to the year-end, it appears that the \$75,000 loan has not been received from the Township of Chatsworth by the Board. We strongly recommend that the Board review options to manage the cash flow shortage and develop a formal cash flow policy. As discussed above options could include establishment of operating reserves, external financing or financing by the participating municipalities or a combination of these options.

Deficit

The Biodigester has a current year operating deficit of \$31,678. We have attached a summary of the operating deficits for the last five years. We would suggest that the Board develop a plan to determine how to fund the current deficit and ensure the future on-going viability of the Biodigester.

Management Representations

During the course of the audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base the audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

Management Letter

We have not submitted a separate letter to management as the issues in this letter have also been communicated to management and there are no other matters that we feel should be brought to their attention.

We wish to express our appreciation for the co-operation we received during the audit from the organization's management and staff who have assisted us in carrying out our work. We would be pleased to discuss with you the contents of this report and any other matters that you consider appropriate.

Yours truly,

Traci Smith, CPA, CGA

Partner

BDO & Company LLP*

*BDO & Company LLP provides accounting, assurance, tax and other professional advisory services to BDO Canada LLP, Chartered Professional Accountants, Licensed Public Accountants

TS:sb

Georgian Bluffs Chatsworth Biodigester
Summary of Unadjusted Misstatements
December 31, 2016

Description of the Misstatement	Identified Misstatement	Projected Misstatement	Estimates	Pre-Tax Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Hydro Accrual Understated	4,549	-	-	471	(5,020)	-	4,549
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	4,549	-	-	471	(5,020)	-	4,549
Effect of Previous Year's Errors, Net of Tax Effects				-	-	-	-
Tax Effect				-	-	-	-
Likely Aggregate Misstatements				471	(5,020)	-	4,549

Details of why no adjustment has been made to the financial statements for the above items:

Unrecorded invoice - amount not significant therefore not adjusted.

Biodigester Operating and Capital Continuity

	2016	2015	2014	2013	2012	2011
Operating Revenues						
Georgian Bluffs	95,000	60,000	60,000	60,000	121,421	76,813
Chatsworth	95,000	60,000	60,000	60,000	121,421	76,813
Hydro	46,926	56,842	62,639	68,987	81,785	59,558
Sewage	85,305	84,810	94,817	77,299	70,457	76,727
Tipping Fees	49,801	51,558	49,465	34,422	59,810	34,814
Other	768	971	429	933	630	11,058
Selenium expense recovery	25,000	0	0	0	0	0
Susglobal operating expense recovery	19,072	0	0	0	0	0
	<u>416,872</u>	<u>314,181</u>	<u>327,350</u>	<u>301,641</u>	<u>455,524</u>	<u>335,783</u>
Operating Expenses						
Operations	448,550	382,971	360,285	425,973	502,948	310,194
Less: Expense to be funded by Capital				(5,680)	0	0
	<u>448,550</u>	<u>382,971</u>	<u>360,285</u>	<u>420,293</u>	<u>502,948</u>	<u>310,194</u>
Current Year Operating Surplus (deficit)	<u>(31,678) (A)</u>	<u>(68,790)</u>	<u>(32,936)</u>	<u>(118,652)</u>	<u>(47,424)</u>	<u>25,589</u>
Capital Revenues						
Georgian Bluffs	0	90,000	90,000	90,000	10,570	170,320
Chatsworth	0	90,000	90,000	90,000	10,570	170,320
Other	66,269					
Contribution of Capital						3,774,054
	<u>66,269</u>	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>21,140</u>	<u>4,114,694</u>
Capital Expenses						
Operating amounts funded by Capital	66,269	5,046	13,908	37,389	21,140	4,092,859
				5,680	0	0
	<u>66,269</u>	<u>5,046</u>	<u>13,908</u>	<u>43,069</u>	<u>21,140</u>	<u>4,092,859</u>
Current Year Capital Surplus (deficit)	<u>0 (B)</u>	<u>174,954</u>	<u>166,092</u>	<u>136,931</u>	<u>0</u>	<u>21,835</u>
Operating Accumulated Surplus (Deficit)						
Operating Surplus (Deficit), Beginning of Year	(101,726)	(32,936)	(118,652)	0	47,424	0
Contributions to fund Deficit	101,726	-	118,652	0	0	0
Current Year Operating Deficit	(A) (31,678)	(68,790)	(32,936)	(118,652)	(47,424)	47,424
Ending balance	<u>(31,678) (C)</u>	<u>(101,726)</u>	<u>(32,936)</u>	<u>(118,652)</u>	<u>(0)</u>	<u>47,424</u>
Reserve for Future Capital						
Beginning balance	477,977	303,023	136,931	0	0	0
Net transfers to reserve	(B) 0	174,954	166,092	136,931	0	0
Ending balance	<u>477,977 (C)</u>	<u>477,977</u>	<u>303,023</u>	<u>136,931</u>	<u>0</u>	<u>0</u>
Invested in Tangible Capital Assets	<u>3,321,886 (C)</u>	<u>3,443,443</u>	<u>3,581,609</u>	<u>3,710,307</u>	<u>3,815,236</u>	<u>3,936,204</u>
Total Accumulated Surplus	<u>(C) 3,768,185</u>	<u>3,819,694</u>	<u>3,851,696</u>	<u>3,728,586</u>	<u>3,815,236</u>	<u>3,983,628</u>

**Georgian Bluffs Chatsworth
Biodigester
Financial Statements
For the year ended December 31, 2016**

DRAFT

Georgian Bluffs Chatsworth Biodigester
Financial Statements
For the year ended December 31, 2016

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Financial Statements

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DRAFT

Independent Auditor's Report

To the Members of Council, Inhabitants, and Ratepayers of the Township of Georgian Bluffs and the Township of Chatsworth

We have audited the accompanying financial statements of the Georgian Bluffs Chatsworth Biodigester, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

Basis for Qualified Opinion

Inherent in their nature, tipping and sewage fees are not susceptible to complete audit verification. Accordingly, our verification of these fees was limited to the amounts recorded in the records of the Georgian Bluffs Chatsworth Biodigester. Therefore, we were not able to determine whether any adjustments might be necessary to assets as at December 31, 2015 and 2016, the accumulated surplus as at January 1 and December 31 for both the 2015 and 2016 years, and tipping and sewage fee revenue, annual surplus and cash flows for the years ended December 31, 2015 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Georgian Bluffs Chatsworth Biodigester as at December 31, 2016 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 26 , 2017

DRAFT

Georgian Bluffs Chatsworth Biodigester
Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash	\$ 212,151	\$ 83,943
Accounts receivable	140,509	49,516
Due from Chatsworth - Current	110,862	12,523
Due from Chatsworth - Future Capital	238,988	238,988
Due from the Township of Georgian Bluffs - Current	5,000	7,523
Due from the Township of Georgian Bluffs - Future Capital	238,988	238,988
	<u>946,498</u>	<u>631,481</u>
Liabilities		
Accounts payable and accrued liabilities	69,798	33,264
Due to the Township of Georgian Bluffs	280,402	71,965
Loan from the Township of Georgian Bluffs	150,000	150,000
	<u>500,200</u>	<u>255,229</u>
Net financial assets	446,298	376,252
Non-financial assets		
Tangible capital assets (Note 1)	<u>3,321,886</u>	<u>3,443,443</u>
Accumulated surplus (Note 2)	\$ 3,768,184	\$ 3,819,695

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Georgian Bluffs Chatsworth Biodigester
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2016 Budget (Note 3)	2016 Actual	2015 Actual
Revenue			
Contributions			
Township of Chatsworth	\$ 150,000	\$ 145,862	\$ 150,000
Township of Georgian Bluffs	150,000	145,862	150,000
Other revenues			
Hydro generation	90,000	46,926	56,842
Commercial sewage fees	95,000	70,226	64,281
Residential sewage fees	60,000	15,079	20,529
Tipping fees	70,000	49,801	51,558
Interest	500	768	971
Recoveries	-	110,341	-
	<u>615,500</u>	<u>584,865</u>	<u>494,181</u>
Expenses			
Amortization	-	143,651	143,213
Bad debt expense (recovery)	-	(16,919)	13,274
Commercial haulage contracts	50,000	46,928	46,941
Digestate disposal	18,000	87,944	62,871
Insurance	16,500	13,139	16,653
Office expenses	1,500	4	66
Operational expenses	17,000	3,900	1,451
Other services	5,000	736	1,205
Professional fees	55,000	126,163	12,069
Repairs and maintenance	54,000	16,371	21,716
Service contracts	158,000	91,974	143,934
Utilities	39,000	48,924	46,534
Wages and benefits	16,500	29,386	16,257
	<u>430,500</u>	<u>592,201</u>	<u>526,184</u>
Loss on Disposal of tangible capital assets	-	44,175	-
	<u>430,500</u>	<u>636,376</u>	<u>526,184</u>
Annual surplus (deficit) (Note 3)	185,000	(51,511)	(32,003)
Accumulated surplus, beginning of the year	3,819,695	3,819,695	3,851,698
Accumulated surplus, end of the year	<u>\$ 4,004,695</u>	<u>\$3,768,184</u>	<u>\$ 3,819,695</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Georgian Bluffs Chatsworth Biodigester
Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	2016 Budget (Note 2)	2016 Actual	2015 Actual
Annual deficit (Page 5)	\$ 185,000	\$ (51,511)	\$ (32,003)
Acquisition of tangible capital assets	(15,000)	(66,269)	(5,047)
Amortization of tangible capital assets	-	143,651	143,213
Loss on disposal of tangible capital assets	-	44,175	-
	(15,000)	121,557	138,166
Increase in net financial assets	170,000	70,046	106,163
Net financial assets, beginning of the year	-	376,252	270,089
Net financial assets, end of the year	\$ 170,000	\$ 446,298	\$ 376,252

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Georgian Bluffs Chatsworth Biodigester
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2016</u>	<u>2015</u>
Cash provided by (used in)		
Operating activities		
Annual deficit	\$ (51,511)	\$ (32,003)
Items not involving cash		
Amortization	143,651	143,213
Loss on disposal of tangible capital assets	44,175	-
	<u>136,315</u>	<u>111,210</u>
Changes in non-cash working capital balances		
Accounts receivable	(90,993)	(10,333)
Due from supporting municipalities	(95,816)	(30,460)
Accounts payable and accrued liabilities	36,534	(58,139)
	<u>(13,960)</u>	<u>12,278</u>
Capital transactions		
Cash used to acquire capital assets	(66,269)	(5,047)
Financing activities		
Due to the Township of Georgian Bluffs	208,437	33,375
Net change in cash	<u>128,208</u>	<u>40,606</u>
Cash, beginning of the year	<u>83,943</u>	<u>43,337</u>
Cash, end of the year	<u>\$ 212,151</u>	<u>\$ 83,943</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Georgian Bluffs Chatsworth Biodigester Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility

Management of Georgian Bluffs Chatsworth Biodigester has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board reviews and approves the financial statements.

Basis of Accounting

The financial statements of the Georgian Bluffs Chatsworth Biodigester are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The accompanying financial statements have been prepared on a going-concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the ordinary course of business. The entity's ability to continue as a going-concern is dependent upon its ability to obtain funding from the Township of Georgian Bluffs and the Township of Chatsworth.

Basis of Consolidation

The Georgian Bluffs Chatsworth Biodigester has been proportionately consolidated in the financial statements of the Corporations of the Township of Georgian Bluffs and the Township of Chatsworth.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued liabilities, and useful lives of tangible capital assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Georgian Bluffs Chatsworth Biodigester Summary of Significant Accounting Policies

December 31, 2016

Revenue Recognition

Revenues are recognized as follows:

- a) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- b) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

Buildings and accessories	50 years
Vehicles and equipment	20 years
Other	20 to 100 years

Georgian Bluffs Chatsworth Biodigester
Notes to Financial Statements

December 31, 2016

1. Tangible Capital Assets

	2016				
	Land	Buildings and Accessories	Vehicles and Equipment	Other	Total
Cost, beginning of the year	\$ 2,000	\$ 1,960,940	\$ 2,069,092	\$ 138,310	\$ 4,170,342
Additions	-	-	66,269	-	66,269
Disposals	-	-	(60,583)	-	(60,583)
Cost, end of the year	2,000	1,960,940	2,074,778	138,310	4,176,028
Accumulated amortization, beginning of the year	-	185,978	508,025	32,896	726,899
Amortization	-	38,922	103,661	1,068	143,651
Disposals	-	-	(16,408)	-	(16,408)
Accumulated amortization, end of the year	-	224,900	595,278	33,964	854,142
Net carrying amount, end of the year	\$ 2,000	\$ 1,736,040	\$ 1,479,500	\$ 104,346	\$ 3,321,886

Georgian Bluffs Chatsworth Biodigester
Notes to Financial Statements

December 31, 2016

1. Tangible Capital Assets - (continued)

	2015				Total
	Land	Buildings and Accessories	Vehicles and Equipment	Other	
Cost, beginning of the year	\$ 2,000	\$ 1,960,940	\$ 2,064,045	\$ 138,310	\$ 4,165,295
Additions	-	-	5,047	-	5,047
Cost, end of the year	2,000	1,960,940	2,069,092	138,310	4,170,342
Accumulated amortization, beginning of the year	-	147,622	404,693	31,371	583,686
Amortization	-	38,356	103,332	1,525	143,213
Accumulated amortization, end of the year	-	185,978	508,025	32,896	726,899
Net carrying amount, end of the year	\$ 2,000	\$ 1,774,962	\$ 1,561,067	\$ 105,414	\$ 3,443,443

The net book value of tangible capital assets not being amortized because they are under construction is \$55,742 (2015 - \$55,742).

No contributed capital assets were recognized in the financial statements during the current or previous year.

2. Accumulated Surplus

	2016	2015
Invested in tangible capital assets	\$ 3,321,886	\$ 3,443,443
General deficit (Note 3)	(31,678)	(101,724)
Future capital reserve - held by participating municipalities	477,976	477,976
	\$ 3,768,184	\$ 3,819,695

Georgian Bluffs Chatsworth Biodigester
Notes to Financial Statements

December 31, 2016

3. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The unapproved budget prepared by management has been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the unapproved budget prepared by management.

	2016	2016	2015
	Budget	Actual	Actual
Annual deficit (Page 5)	\$ 185,000	\$ (51,511)	\$ (32,003)
Prior year deficit funding	-	(101,724)	-
Amortization	-	143,651	143,213
Capital asset disposals	-	44,175	-
	185,000	34,591	111,210
Net transfers to reserve	(170,000)	-	(174,954)
Capital acquisitions	(15,000)	(66,269)	(5,047)
	-	(31,678)	(68,791)
Prior year general deficit not funded	-	-	(32,933)
General deficit (Note 2)	\$ -	\$ (31,678)	\$ (101,724)

The budget amounts were prepared by management. The Board did not approve the budget.

4. Commitments

The Georgian Bluffs Chatsworth Biodigester has entered into an agreement for loading, hauling and disposal of digestate for a five year term from 2013 to 2017 for an estimated annual amount of \$44,140.

5. Economic Dependence

The Georgian Bluffs Chatsworth Biodigester's primary source of income is from the Township of Chatsworth and the Township of Georgian Bluffs. The Biodigester's ability to continue as a going concern is dependent on this funding.

The Biodigester is also dependent on the Township of Chatsworth and the Township of Georgian Bluffs to provide financing to ensure sufficient cash flows for daily operations. The Township of Georgian Bluffs has provided a loan of \$150,000 and an additional \$280,402 in temporary financing at December 31, 2016.

Presentation to BioGrid Board

May 26, 2017

8:00 am

15-057



1.0 Recent History of Operation of Biodigester

January to April 30, 2017

1.1 Energy Produced

Month	Electrical Energy Produced	Capacity kWh at 95%	% Capacity	Revenue
January	24,841 kWh	70,680	35%	\$4,100
February	38,184 kWh	70,680	54%	\$6,300
March	36,009 kWh	70,680	51%	\$5,900
April	(78.4 Kw) 56,445 kWh	70,680	80%	\$9,300

1.2 Quantity of Organic Waste and Tipping Fees

Month 2017	Quantity m ³	Tipping Fee Range	Estimated Tipping Fees Received
January	165.4	\$10 to \$25	\$2,480
February	188.5	\$10 to \$25	\$2,830
March	109.4	\$10 to \$25	\$1,640
April	158.5	\$10 to \$25	\$2,380

2.0 Recent Problems with Biodigester

A load of grease trap waste was received from Plant Earth (one of our regular suppliers) on May 5, 2017. Some of this waste was pasteurized and fed into the Digester on May 5, 2017 and the Electrical Production (thus gas production) reduced within two days from approximately 1500 kWh/day to 540 kWh/day (32% of capacity). Biogas quality reduced from 57% methane on May 5, 2017 to 48% methane on May 7, 2017. On May 16, 2017 the digester had still not recovered. This has never happened this dramatically in the 6 to 7 years of operation.

3.0 2016 Annual Performance Report

A 2016 Annual Performance Report was completed and sent to the BioGrid Board members in February 2017 and to the Ontario Ministry of the Environment and Climate Change in March, 2017. A recommendation was made to reduce the groundwater quality monitoring cost by reducing the frequency and number of test wells. A meeting was held with the MOECC in April to discuss this and a following up letter that was sent to the MOECC on April 24, 2017. We have requested to reduce the monitoring from 15 test wells to 7 test wells and reduce the frequency from 12 times/year to 4 times/year. This is an annual saving of \$6,400. This request was approved by the MOECC on May 15, 2017.

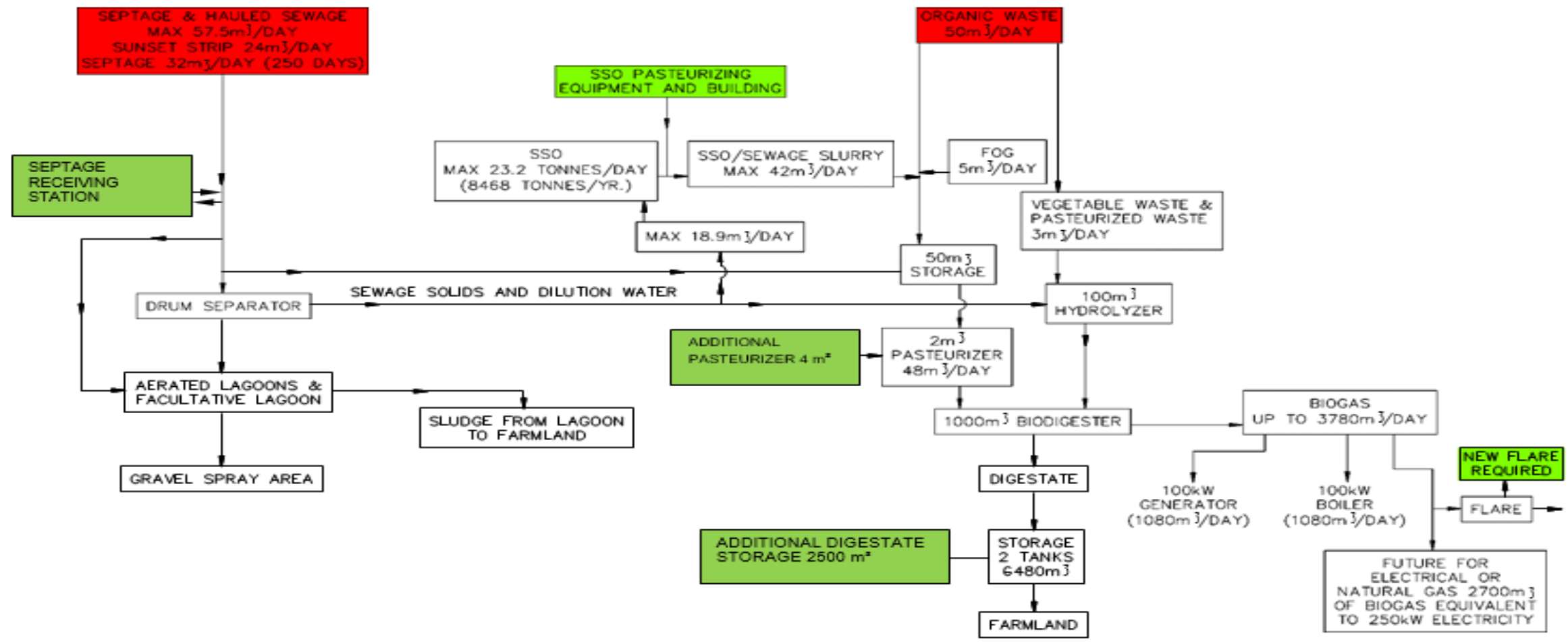
4.0 Proposal for Treating Source Separated Organics (SSO) and All Septage from Township of Georgian Bluffs and Chatsworth


A general process flow diagram (Figure G-1T) was prepared for the existing Biodigester and Derby WWTP to accept the following wastes:

1. 8760 m³/year of hauled sewage from the Sunset Strip
2. 8000 m³/year (2000 septic tanks) of septage from the Township of Georgian Bluffs and Chatsworth
3. 18,250 m³/year of organic waste (50 m³/day) to the digester consisting of the following
 - 3a) 1825 m³/yr of Fats, oils and grease
 - 3b) 1095 m³/yr of vegetable and pasteurized waste
 - 3c) 15,330 m³ of SSO slurry at (8468 Tonnes of SSO and Septage/hauled sewage 18.9 m³/day) 10% solids

DERBY WWTP

GEORGIAN BLUFFS/CHATSWORTH BIODIGESTER



 Items Requiring a Renewable Energy Approval

**General Process Flow Diagram
 Georgian BluffsChatsworthBiodigester
 Derby WWTP**

	Design: MRS
	Drawn: TDL
	APPROVED: MRS
	Date: MAY 11/2017
	Scale: NTS
	FILE No. 15-057
	FIG. No. FIGUREG-1T

4.0 Proposal for Treating Source Separated Organics (SSO) and All Septage from Township of Georgian Buffs and Chatsworth...cont.

In order to treat up to 8468 tonnes /year of Source Separated Organics the following minimum improvements need to be carried out:

a) SSO processing equipment and building	± \$1,250,000
b) Additional pasteurizer 4 m ³	± \$300,000
c) New Flare	± \$200,000
d) Septage Receiving equipment and building	± \$400,000
e) Additional Digestate Storage 2500 m ³ , piping & access road	<u>± \$200,000</u>
Total Estimated Cost Without Grants (grants may be available)	± \$2,350,000

5.0 Results of Discussion with MOECC regarding Approval for Receiving Source Separated Organics

5.1 Source Separated Organics Capacity

At present the Environmental Compliance Approval for the existing biodigester approves the receiving of Source Separated Organics (SSO). This would need to be in a slurry form after pretreatment of the SSO. This waste would go in the 50 m³ FOG tank and would need to be pasteurized before being fed into the digester. In order to receive and pretreat SSO up to 8468 tonnes per year without expanding the 1000 m³ digester, additional approvals are required due to the additional treatment facilities required. It is estimated that if the province requires the Municipality of Grey and Bruce Counties to collect and treat source separated organics the estimated quantity would be approximately 6500 tonnes/year. Therefore, the 1000 m³ existing digester is large enough to accept and treat all the source separated organic in Grey and Bruce counties with the addition of pre-treatment for the SSO, additional 4 m³ pasteurizer, flare and increased digestate storage.

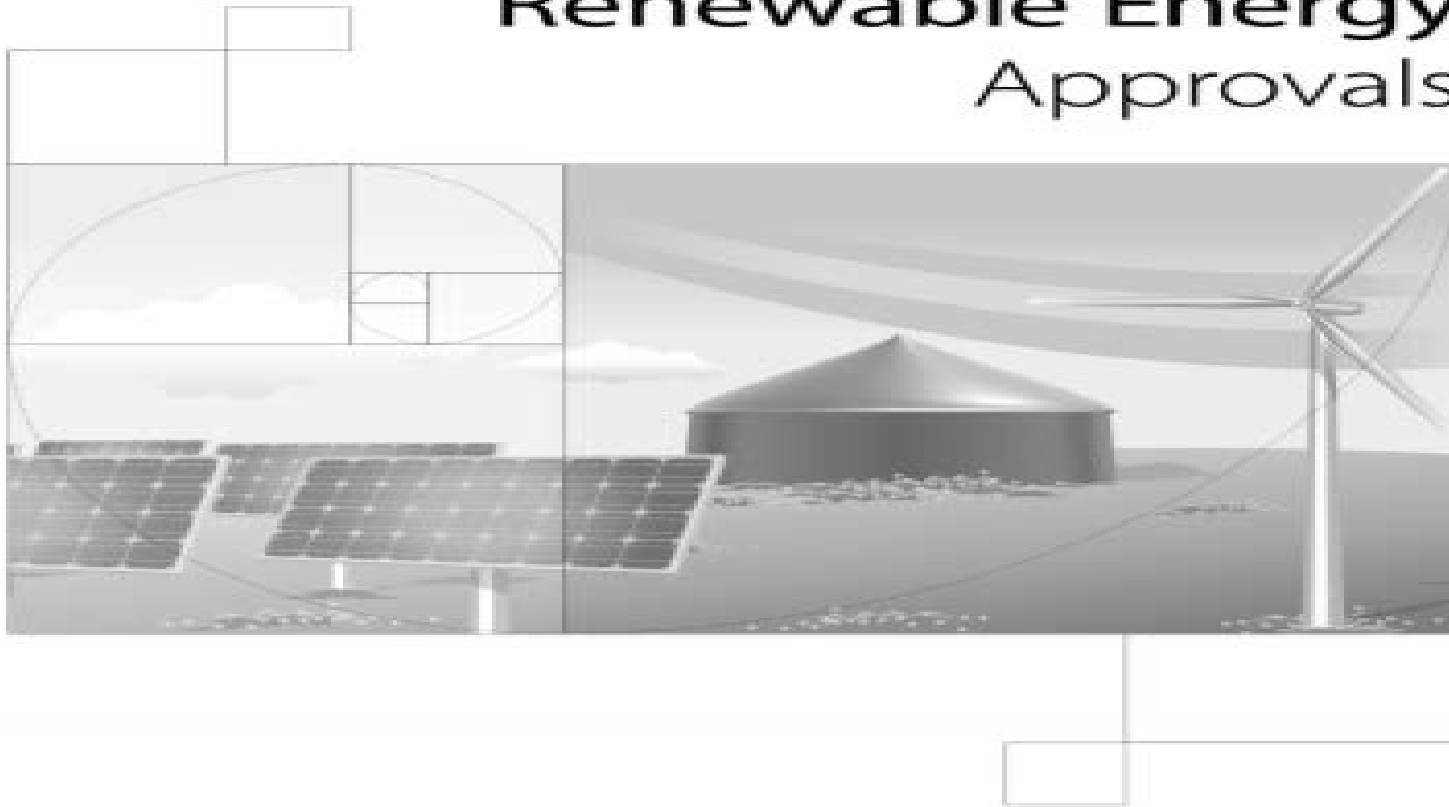
5.2 Septage Treatment for the Township of Georgian Bluffs & Chatsworth

All the septage from the Township of Georgian Bluffs and Chatsworth could be treated, estimated at 8000 m³/year (2000 septic tanks/year). A septage receiving station and building would also be required.

5.3 Approvals

- The additional pre-treatment and other works required to treat all of the septage from the townships of Georgian Bluffs and Chatsworth and all the potential Source Separated Organics (if collected) in Grey and Bruce Counties would require additional approvals from the MOECC.
- From recent discussions with the MOECC with representatives from the local Owen Sound office and Approvals Branch in Toronto, a Renewable Energy Approval (REA) would be required to add any significant treatment or pre-treatment equipment such as a flare.
- I have briefly looked into the requirements of an application for an REA for the Georgian Bluff/Chatsworth biodigester upgrades to accept a significant quantity of SSO and the general requirements are shown in an excerpt from the Ontario Technical Guide to Renewable Energy Approvals. It is estimated that the time to obtain an REA is one year.

Technical Guide to Renewable Energy Approvals



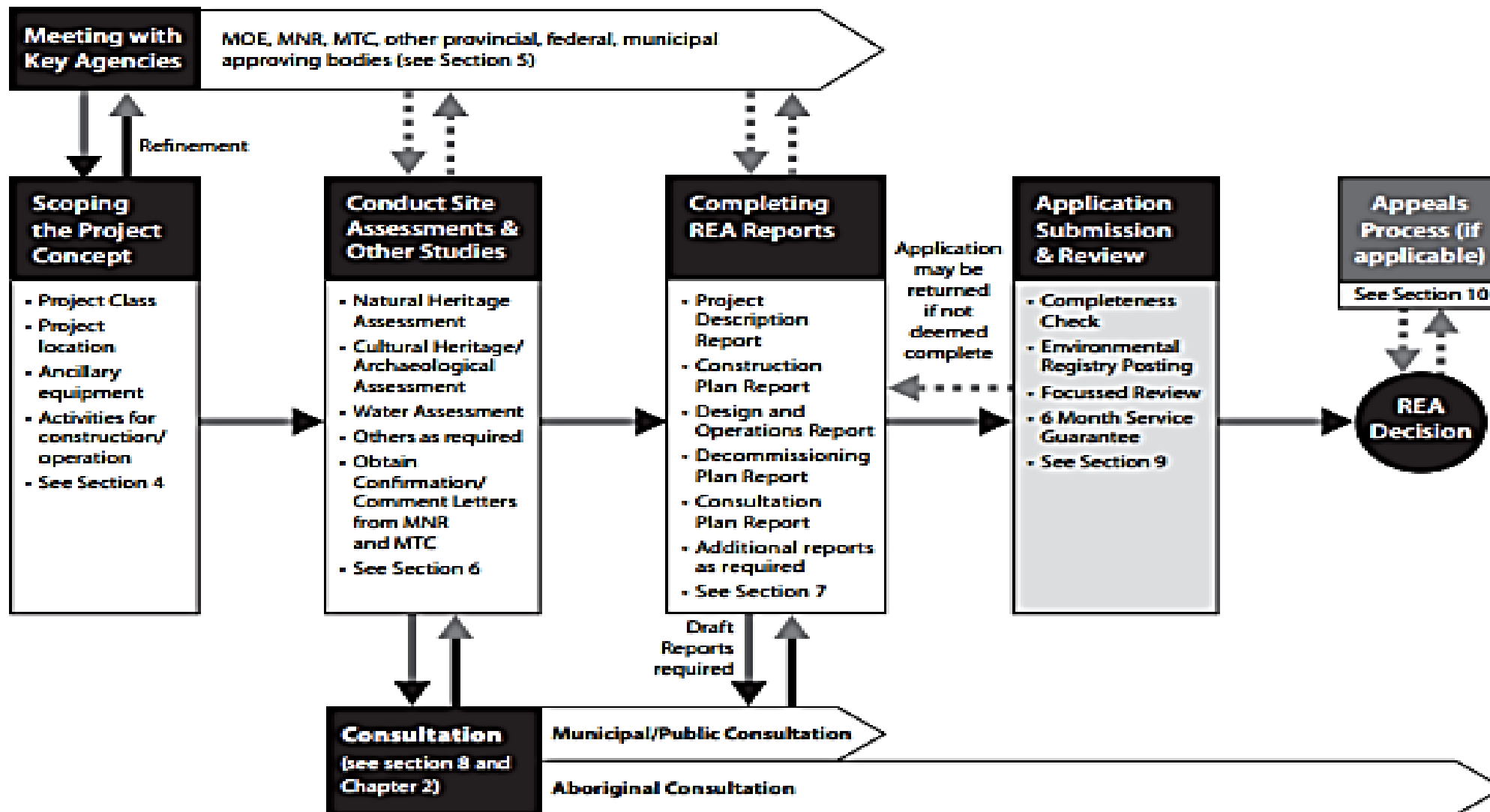


Figure 4: Overview of the principal elements of the REA application process. See sections 4 – 10 for more detailed information on requirements of each element.

Bio-energy

ANAEROBIC DIGESTION FACILITIES

Class	Location of Facility	Organic Matter Digested	Overview of REA Requirements ¹
Class 1	At a farm operation	<p>One or more of the following:</p> <ol style="list-style-type: none"> 1. Biomass that is grown or harvested for the purpose of being used to generate electricity 2. Biomass that is agricultural waste within the meaning of Regulation 347 of the Revised Regulations of Ontario, 1990 (General — Waste Management) made under the act. 3. Farm material 	REA required. Fewer study, reporting and consultation requirements
Class 2	At a farm operation	<p>One or more of the following:</p> <ol style="list-style-type: none"> 1. Organic matter consisting of any biomass and farm material, other than organic matter specified for Class 1 above 2. Source separated organics 	REA required. Fewer study, reporting and consultation requirements
Class 3	At a location other than a farm operation	<p>One or more of the following:</p> <ol style="list-style-type: none"> 1. Biomass 2. Source separated organics 3. Farm material 	REA required

¹ See Appendix 1 for a summary table of requirements for each Class

It is important to note that as per subsection 9. (1) paragraph 9 of O. Reg. 359/09, Class 1 and 2 anaerobic digestion facilities do not require a REA if they are located on a farm and are considered to be a "regulated

mixed anaerobic digestion facility" as defined in O. Reg. 276/03 under the Nutrient Management Act, 2002 and would not have required a waste certificate of approval before September 24th, 2009.

THERMAL TREATMENT FACILITIES

Class	Location of Facility	Organic Matter Digested	Overview of REA Requirements ¹
Class 1	Any location	Biomass consisting solely of woodwaste	REA required. Fewer study, reporting and consultation requirements if on a farm
Class 2	At a farm operation	Any type of biomass (not solely woodwaste)	REA required. Fewer study, reporting and consultation requirements
Class 3	At a location other than a farm operation	Any type of biomass (not solely woodwaste)	REA required

¹ See Appendix 1 for a summary table of requirements for each Class

Bio-energy (Anaerobic Digestion, Biofuel, Biogas)

			Class 1 AD Facility		Class 2 AD Facility		Class 3 AD Facility	Biogas	Biofuel
		NMA approved On-farm AD and no EPA waste certificate of approval	Farm-Based AD ≤500 kW	Farm-Based AD >500 kW	Farm-Based AD ≤500 kW	Farm-Based AD >500 kW	Non-farm AD		
Plans & Reports	No REA	X							
	REA Required		X	X	X	X	X	X	X
	Project Description Report		X	X	X	X	X	X	X
	Construction Plan Report		X	X	X	X	X	X	X
	Design and Operations Report		X	X	X	X	X	X	X
	Decommissioning Plan Report		X	X	X	X	X	X	X
Consultation	Notice of Proposal		X	X	X	X	X	X	X
	Meeting Notice(s)						X	X	X
	Public Meetings						X	X	X
	Municipal Consultation		X	X	X	X	X	X	X
	Aboriginal Consultation		X	X	X	X	X	X	X
	Consultation Report		X	X	X	X	X	X	X
Cultural Heritage	Protected Properties		X	X	X	X	X	X	X
	Heritage Resources						X	X	X
	Archaeological Resources		See Note 1	See Note 1	See Note 1	See Note 1	X	X	X

Note 1: Class 1 and 2 anaerobic digestion facilities are exempt from consideration of heritage resources other than protected properties at the project location. However, an archaeological assessment may be required depending on the specific characteristics of the project location, consistent with section 21 of O.Reg. 359/09.

6.0 Preliminary Financial Assessment for Upgrading the Existing Georgian Bluffs/Chatsworth Biodigester to Receive SSO and all Septage from Township of Georgian Bluffs/Chatsworth

1. Renewable Energy Approval over 1 year	\$60,000
2. Capital Cost for upgrades	<u>\$2,350,000</u>
Total Cost without Provincial or Federal Grants	<u>\$2,410,000</u>

Estimated Annual Revenue with SSO and all Septage from Georgian Bluffs/Chatsworth

1. Electrical Revenue 95% of (100)(24)(365)(0.165)	=	\$137,300
2. SSO Revenue 8400 tonne @ \$100/tonne	=	\$840,000
3. Septage Revenue 8000 m ³ /year @ \$25/m ³	=	\$200,000
4. FOG and SSO leachate 1825 m ³ @ \$25/m ³	=	\$ 45,600
5. Vegetable waste 1095 m ³ @ \$10/m ³	=	<u>\$ 11,000</u>
Total Potential Annual Revenue		<u>\$1,233,900</u>

7.0 Comments Regarding Upgrading of Facilities

1. Renewable Energy Approval must be obtained from the MOECC which is estimated to cost \$60,000 over a minimum 1 year period.
2. A secure agreement needs to be obtained from the suppliers of SSO from other municipalities. From our past experience, it would be better to obtain agreements directly with other municipalities.
3. The requirement to treat septage is being reconsidered by the Province of Ontario. Either the province forces the requirement to treat septage or the municipality of Georgian Bluff or Chatsworth passes a bylaw to treat septage.
4. Apply for Grants to the Federal and Provincial governments to reduce the capital cost of the expansion project.