THE
SHULMAN
REPORT

Appendices

The South Georgian Bay Municipal Services Corporation
Part One — The Water System

Appendix A — Cost & Revenue Model

Appendix B — Implementation Plan

Ron Shulman · The South Georgian Bay Project · August 2026

A note before the numbers

Three things to be clear about before the financial model that follows:

1. This plan is built around **The Blue Mountains joining** the corporation. At the time of writing, that is not a certainty. The model is therefore run conservatively on the **Simcoe County system alone, without The Blue Mountains —** their participation is upside, not a dependency. A parallel model that includes them accompanies this paper.
2. From **Phase One**, a professional operator provides the corporation's **support and administrative functions —** HR, IT, finance, and procurement **— at cost**, and those operator expenses are included in the figures below. (Which firm serves as the operator is settled separately.)
3. The plant acquisition is **$120 million** (New Tecumseth $75.6M + Collingwood $44.4M), financed at 4.5% over 40 years; the original plant and pipeline transfer for a nominal dollar, and construction interest is capitalized so debt begins at commissioning in 2029.

Appendix A — Cost & Revenue Model

A ten-year financial model of the water utility, in nominal dollars. Every figure in Chapter 3 traces to this model. It is the standalone case set out in the note above — the Simcoe County system without The Blue Mountains, with the operator providing support and admin at cost. A parallel with-Blue-Mountains model accompanies this paper.

A.1 Key assumptions

Parameter	Value
Base billed volume, 2027	7,200,000 m³/yr
Organic growth rate	1.5%/yr
Wholesale tariff, 2027	$1.95/m³ (≈80% of ~$2.45 all-in)
Tariff escalation	5%/yr for the first 3 years (Collingwood's approved plan), then 2%/yr
Plant O&M (labour + maintenance + other fixed)	$1.70M
Chemicals & power	$0.055/m³
Professional organization (board, executive, engineers, overhead)	~$8–10M full mandate (50% to water)
Plant acquisition	$120,000,000
Nottawa pipe	$10,000,000
Debt	4.5%, 40 years
Regional-capacity development charge (MSC portion)	$4,600 / connection

A.2 Ten-year cost & revenue model ($ millions)

Standalone case — the Simcoe County system without The Blue Mountains.

Line	2027	2029	2031	2033	2035
Total billed volume (M m³)	7.20	7.52	7.74	8.17	8.41
Wholesale tariff ($/m³)	1.95	2.15	2.30	2.40	2.49
Total revenue	14.04	16.16	17.83	19.58	20.96
Total operating cost	6.80	7.09	7.39	7.71	8.04
Total debt service	0.00	7.06	7.06	7.06	7.06
Net surplus after debt	7.24	2.01	3.37	4.80	5.86

Tariff rises 5%/yr for 2028–2030 (Collingwood's approved plan), then 2%/yr; 2027 is unchanged, preserving year-one neutrality. Construction interest is capitalized, so debt begins at commissioning in 2029 — the early years run a full margin. Net surplus is positive in every year. ***With The Blue Mountains joining****, revenue reaches about $21.5M by 2029 and the surplus is higher still (see the accompanying with-TBM model and Appendix B).*

A.3 New Tecumseth — net benefit of joining

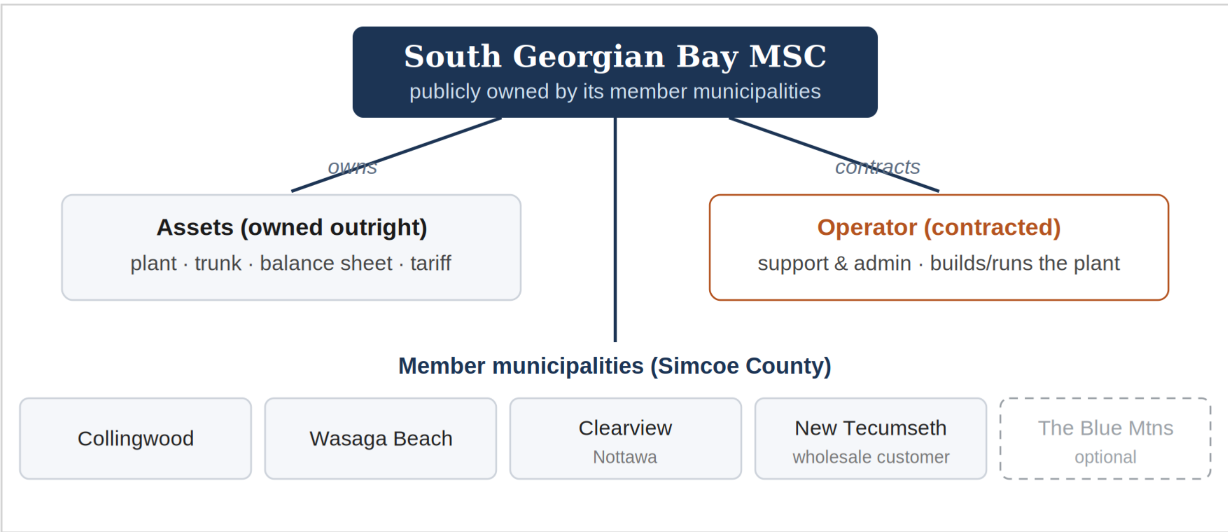
	Today (alone)	Under the MSC
Water	$2.31M (commodity)	$6.83M (tariff)
Debt service on its own $75.6M	$5.10M	$0 (MSC pays it out)
Less: Infrastructure Development Fund	—	−$2.00M
Total annual cost	**$7.41M**	**$4.83M**
Per m³, all-in	**$2.12**	**$1.38**

New Tecumseth is roughly **$2.58M a year better off** ($0.74/m³) inside the MSC, and its $75.6M comes off the town's balance sheet entirely.

Appendix B — Implementation Plan

A factual description of how the corporation is built and structured. Every figure coincides with Appendix A.

The organization structure



The organization structure of the corporation.

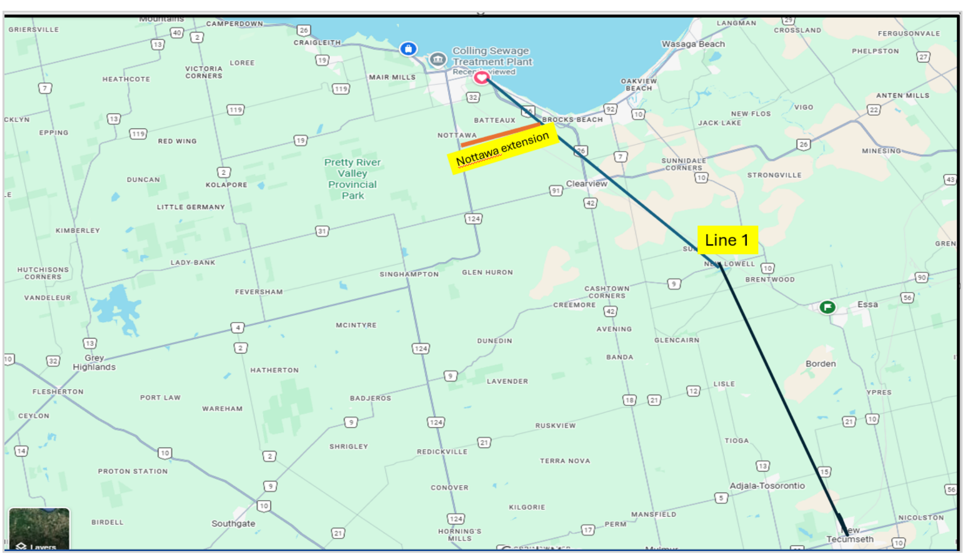
The corporation is publicly owned by its member municipalities and owns the plant and trunk outright — holding the balance sheet and setting the tariff — while a contracted operator provides support and administration. Members are the Simcoe County towns (Collingwood, Wasaga Beach, Clearview); New Tecumseth is a wholesale customer; The Blue Mountains may apply to join. Ownership, and the surplus, stays with the members.

The build, step by step

1. **Acquire the Collingwood plant.** The corporation assumes the remaining balance on the $270M plant expansion and reimburses the two towns that financed it — New Tecumseth ($75.6M) and Collingwood ($44.4M) — a $120M acquisition, financed over 40 years. The Province's $150M grant stays invested in the asset.
2. **Acquire the regional trunk (the pipeline) for $1.** The existing trunk system, long since paid down, transfers to the corporation by by-law for a nominal dollar.
3. **Build the trunk to Nottawa — $10M.** The corporation's first build, from the Batteaux tee to the village (the "Nottawa extension" on the map overleaf), connecting Nottawa at the normal cost rather than the $159,000-per-home figure it was quoted.

Capital summary and the base network

Item	Capital	Financing
Plant acquisition (NT $75.6M + Collingwood $44.4M)	$120.0M	40 yr @ 4.5%
Regional trunk (pipeline) — nominal transfer	$1	By-law
Trunk to Nottawa	$10.0M	40 yr @ 4.5%
Base capital	**$130.0M**	≈ $7.1M/yr (from commissioning)



The base regional network: Line 1 runs from the Collingwood plant southeast to New Tecumseth, with the Nottawa extension the Step-3 trunk. The Blue Mountains, to the west, is not connected — and this is also the case if it does not join.

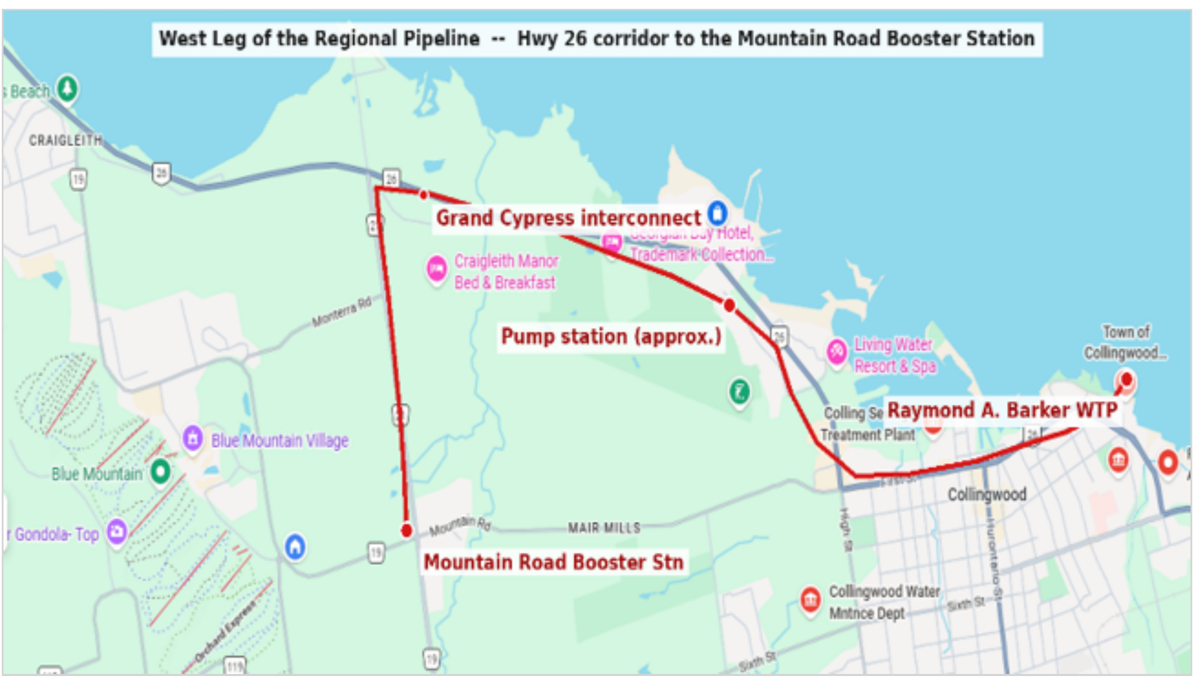
The Blue Mountains — the west-leg build

Today's connection rides Collingwood's local distribution out to the boundary and is capped at ~4,000 m³/day. If The Blue Mountains joins, the plan builds one dedicated transmission main along the Highway 26 corridor — roughly 11 km, sized with headroom so it is never twinned — with a transfer pump station and terminal storage, raising supply to the town's full reserved ~10,000 m³/day.

Reliability comes from the storage buffer, not a parallel pipe; the existing capped leg is kept, at no cost, as a backup path.

It is built only on a signed take-or-pay commitment, after which the town pays for its reserved capacity from commissioning and avoids its own standalone $66–100M plant program.

Item	Capital
Dedicated transmission main (~11 km, Hwy 26)	$21.3M
Transfer pump station	$10.0M
Terminal storage reservoir	$9.0M
Engineering + contingency (25%)	$10.1M
West leg connection (one main)	**$50.4M**



The Highway 26 corridor from the Barker plant west to the Mountain Road Booster Station — the route of the single dedicated main.