

Expert recommends doubling sewer charges

By Tony Pearson

Last week, Bancroft council asked for ideas on how to raise more money. This week, they learned more about why they need it. A week ago Monday, a baker's dozen of townspeople came to Club 580 to discuss new revenue sources for the town. The suggestions ranged from convincing the provincial or federal government to add one per cent to the GST/PST for municipal use, to a new land transfer tax, to putting parking meters downtown, to soliciting advertising for town benches.

Perhaps the least 'painful' suggestion came from Councillor Mary Kavanagh, who suggested asking for permission to run lotteries. She noted that a game called 'Chase the Ace' had proven a real money-maker in the Maritimes.

An allied suggestion came from Councillor Bill Kilpatrick, who recommended that municipalities ask for a share in provincial 'sin taxes' - duties levied on alcohol and tobacco.

Perhaps the most controversial idea floated was to open up or sell the Dungannon waste site, turning it into a revenue source. Both Don Taylor, the former town worker who disclosed the growing wastewater deficit, and former councillor Peter Whitehead raised the issue, although they acknowledged that it was politically dicey.

Many expressed frustration at having to bear the cost for maintaining roads that are used by so many people from outside the town, and even outside the entire region. A somewhat facetious suggestion was to put toll booths on the highways leading in and out of town, as well as on the ATV trails.

This Monday, council learned more about why they need to raise more money, when they were presented with more information about the escalating costs of its water and sewer operations. Joanna Park of Collins-Barrow, the town's accounting firm, reported that in 2016, the water account will show a deficit of more than \$300,000, to go with a sewer deficit of nearly \$500,000, for a total approaching \$1 million. This wipes out Bancroft's water surplus, and sends the cumulative sewer deficit to nearly \$2 million.

In a new revelation of the town's precarious financial condition, the auditors' report also stated that the town's reserves have now been drained by the sewer deficit. Although Bancroft recently received a loan of \$1 million from a provincial agency, and has a \$1.5 million line of credit from its bank, the auditors said that the town will shortly be facing a cash flow crisis. Total indebtedness was reported at over \$8 million.

Dan Wilson of Watson and Associates, who were tasked with looking at how to deal with the water and wastewater crisis, prescribed some tough medicine for Bancroft taxpayers, especially those connected to the town water and sewer lines. To eliminate the current and accumulated deficits, as well as put some money toward equipment repair and replacement costs, he recommended that sewer charges double immediately, while water rates increase by about six per cent.

In addition, he wants to see the town treasury put an additional annual \$200,000 of assessment revenue, plus \$100,000 from its gas tax rebates, into debt reduction and capital provision. Watson put the capital needs of the water system over the next decade at \$1.2 million, with another \$3 million for the sewers.

Debt reduction and new capital reserves would have to come from cutbacks to road repair, and likely, a further overall tax increase. This would unclog the sewer financial problems within five years.

Even then, for the plan to succeed, the town would have to reduce the cost of operating its treatment costs substantially. This means finding a lower-cost alternative provider to the Ontario Clear Water Agency (OCWA) which is now running the system. To that end, council agreed to ask six potential providers for an 'expression of interest' in bidding on a new contract next year.

Other options were presented, but these simply stretched out the period for pay-back. One would increase sewer rates by 20 per cent for the next seven years; another would see a 50 per cent increase next year, followed by a 30 per cent raise in 2018, and 10 per cent for the six years after that.

The water situation is nowhere near as extreme. With a new service provider charging less than OCWA does, Watson estimates that rate increases of about six per cent for the next two years and five per cent in 2019 will allow the town to cover its expenses and build up some reserves for future capital expenses.

Kilpatrick raised the question of selling off assets - like the Dungannon waste site - as a solution to the deficit, leaving any increase simply to cover operating costs. CAO Hazel Lambe noted that rates would still have to go up by about 50 per cent to match expenses and provide some repair funds.

Noting that two councillors (Paul Jenkins and Barry McGibbon) were absent, as well as the benefit of receiving public input, Mayor Bernice Jenkins scheduled a special open meeting of council for next Wednesday evening (Dec. 14) at 7 p.m. at Club 580. However, she warned, council had to make a decision on 2017 water and sewer charges by month's end.