

Another debt surprise for Bancroft

By Tony Pearson

Bancroft town council learned last week of another source of significant debt – a growing deficit for wastewater & sewage treatment. There had been advance notice; the asset management report prepared by Public Sector Digest for the town in 2013 had already flagged wastewater expenses as a source of financial weakness, giving the township a failing grade (‘F’) for financial management of sanitary and storm sewers. According to a report just prepared for the town's committee of the whole, on entering 2014, the deficit stood at about \$450,000. It may be even higher. In response to a question from Deputy Mayor Paul Jenkins, Don Taylor, the township employee who prepared the report, stated that another \$400,000 was added to this figure in 2014 itself, and that the deficit continues to grow as we move into 2015. Mayor Bernice Jenkins expressed her concern at learning of the deficit, and asked that the figures be re-confirmed by the treasury. Bancroft's CAO Hazel Lambe stated by e-mail on Friday: ‘The sewer did run a deficit of approximately \$400,000 which is a result of repayment for the facility upgrade (capital) and in part operations.’ Further enquiries were forestalled as both Mayor Jenkins and CAO Lambe left for the annual meeting of the Rural Ontario Municipalities Association in Toronto. According to Don Taylor, the problem arises from a number of sources. One is what he called ‘an over-built facility’ for wastewater treatment, caused by a statement by the provincial government that septage would be banned as a field fertilizer, a position it later reversed. He also cited an expensive contract which the township has with the Ontario Clean Water Agency (OCWA) to manage its facility; he quoted the fees at about a million dollars a year, including \$100,000 for management). Taylor stated that contracted services had been increased without explanation, and that there had been ‘a systemic failure in annual budget forecasting’. Thus, contract costs were 21 per cent above what had been forecast. While there are several ways the town could deal with the debt, Bancroft ratepayers who are on the town sewage system should not be surprised to see significant increases in their fees over the next several years. Other than rate increases, the township can seek more provincial funding, and will inquire about this at the ROMA convention. Mayor Jenkins and others noted that infrastructure replacement is very expensive, and a pressing necessity all over Ontario, requiring provincial assistance. Bancroft might also discuss leachate treatment costs with Faraday Township, since it involves the Faraday landfill. Taylor also suggested an attempt to re-negotiate the current OCWA contract, which ends in 2017; another option he mentioned was lengthening the amortization period of capital cost loans. Mayor Jenkins asked staff to look at all the options available and report back to Council. Deputy Mayor Jenkins stated that ultimately, the solution may require the township to attract more residents and more businesses. He felt the public needed to see ‘the big picture’ on funding services to draw more investment into the community, perhaps through an economic development forum. Along the same lines, CAO Lambe noted later: ‘The proposed extension of the sewer line to the north will open these lands for development to make more efficient use of our plant. More users of the system will increase annual revenue towards the Wastewater treatment facility. Municipalities with public water and sewer services are preferred development areas and the PPS speaks directly to this. Although it is a cost to provide such services, we are in a good position as we have a modernized Wastewater treatment facility and growth capacity that others do not have. There are also other avenues to generate revenues that staff will explore and report.’ The discussion ended with a poignant remark about town financial reports from Councillor Tracy McGibbon: ‘What else is coming?’ On a more positive note, Councillor McGibbon received Council agreement to expend \$3,000 to bring a ‘Smash Wrestling’ event to Bancroft over the Victoria Day long weekend in May. Its promoters describe their activity as ‘a community-driven and family-friendly event promotion with a unique spectacle featuring athletic feats and fun entertainment. With a focus on local community involvement, it's able to weave together sports entertainment and good family values.’ It is hoped that the town will recover some of its investment through ticket sales. If the event proves successful, local businesses might take over sponsorship. In other township business, public works manager Perry Kelly reported that Quarry Road improvements should be completed this year; he is requesting proposals for alternate forms of re-surfacing, and will report back to council when these are in. He also noted that the Snow Road watermain is on schedule, and that staff were working out infrastructure accommodation issues for the proposed new Emerald Hills housing development. Building officer Dale Shannick is proposing some fee increases for building and home construction and renovation. Although the increases average 60 per cent, this follows an eight year period where fees were not increased at all. Shannick's analysis showed that the new rates were in line with rates in neighbouring municipalities, and would enable his department to recover all its costs.