

Between hard water and a rocky place

By Tony Pearson

Last year, I referred to Bancroft's growing sewer deficit as 'the elephant in the room', calling to mind the LCBO commercials. However, over the year, the deficit has continued to stagger deeper and deeper into the red. According to treasurer Craig Davidson's figures prepared for last week's budget meeting, the deficit will pass the \$2 million mark this year.

Now we learn that if something isn't done, the town may run out of money next February ? theoretically at least. That's less than 12 months away.

Since the town would no doubt like to pay its bills and its employees next year, that's going to force some action. But that presents a problem, as there are really only two places to find the money: town ratepayers as a whole, or sewer system users.

Bancroft and Dungannon ratepayers who are not on the sewer system can rightly say: 'Not my problem?'. They don't have the service, so they don't use it ? why should they pay?

But those who are on the sewer system can claim: 'It isn't our problem either.' Their use of the sewer system accounts for less than 40 per cent of what's rushing into the sewage treatment plant, and being charged to the town. It isn't their sewage that's causing the deficit.

In February of last year, Don Taylor provided an excellent analysis of many components of the problem. The report stated that two councils ago, councillors decided to build a plant that had far more capacity than is currently needed. At that time, they expected that the province would compel farmers to have their run-off treated at a sewage plant. But faced with farmers' protests, the provincial government backed down and never required this. However, that isn't the main part of the over-capacity problem.

The argument was made that the plant should be built, not for today, but for a shiny tomorrow, when all sorts of new residential and commercial development would flock to Bancroft, applauding the existence of a first class plant ready to take all their new waste.

The sewer system, it was argued, could even be extended north to attract new investment.

Needless to say, we will now have to wait a long time for that rapture. You can't buy a Cadillac on a Volkswagen budget.

Another problem Taylor outlined is the contract which the town signed with the Ontario Clean Water Agency. OCWA is charging Bancroft about \$1 million a year to run the system, including a hefty \$100,000 annual management fee. And contract costs are already over 20 per cent above what was estimated. Fortunately the contract comes up for renewal next year ? but by that time it may be too late.

And even a new contract doesn't solve a key problem: why is the amount entering the treatment plant two and a half times what's flowing out of the homes and businesses on the system?

In fact, the new plant, with its unpaid capital cost and its operating deficit, now seems a barrier to new investment. Let's do some math.

An accumulated deficit of \$2.5 million, divided among 800 users, means that those now on the system would have to fork out about \$3,000 each to eliminate the current deficit. Rates have been increased already ? four per cent within the past year ? but that doesn't even keep pace with the annual deficit. However, major additional increases hardly constitute an incentive for new families and businesses to settle here: 'Welcome to Bancroft ? you owe us a few thousand dollars.'

Town staff estimated that another \$100 a year in sewer fees, if spread over 30 years, might gradually eliminate the deficit. It might, if absolutely no interest were charged during the entire period on either the current amount or what it will grow to. If the town can make that sort of deal with the banks, I want to talk to them afterward about my mortgage.

When a financial crisis like this occurs, there tends to be a lot of finger-pointing. The financial statements show an ever increasing deficit from 2012 on. But alarm bells sounded only later, with the full dimensions of the crisis only surfacing last year. As yet, other than the four per cent fee increase, an action plan has yet to appear.

Personally, I don't really care who knew what by when. The problem has been clearly identified. There are working groups with members of the public and town reps studying the situation. The time frame for a solution has been identified ? a little more than half a year before Bancroft's line of credit could be exhausted.

More urgency seems called for, as well as more engagement of the public ? particularly on who has to pay for a situation which swelled out of control below the surface until it produced a gusher of red ink. Neither users nor non-users are to blame ? but someone has to pay. Council should develop two or three options, and then ask the public for its verdict. And it should do this very soon.